United Nations DP/2011/24

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
8 April 2011

Original: English

Annual session 2011
6 to 17 June 2011, New York
Item 4 of the provisional agenda
Evaluation

Annual report on evaluation in UNDP 2010

Summary

The 2010 annual report on evaluation assesses the progress made by the UNDP Evaluation Office, UNDP Headquarters programme and policy units, country offices and the evaluation units of the associated funds and programmes in fulfilling the evaluation function outlined in the UNDP evaluation policy. The report also presents key findings and lessons learned from independent evaluations conducted by the Evaluation Office in 2010. The Evaluation Office programme of work for 2011 and 2012 is provided in the final part of the report.

Elements of a decision

The Executive Board may wish to: (a) take note of the report; (b) request UNDP to address the issues raised by independent evaluations; (c) request UNDP to strengthen capacity for and use of decentralized evaluation; (d) request UNDP to support national evaluation capacity development; and (e) approve the revised programme of work for 2011 proposed by the Evaluation Office and the proposed programme of work for 2012.

11-29505 (E) 120411

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Background

1. The 2010 annual report on evaluation is the fifth report submitted by the Evaluation Office of UNDP to the Executive Board since the UNDP evaluation policy was approved in 2006 and the first since the approval of the revised evaluation policy in February 2011. The report assesses the progress made by the Evaluation Office and the evaluation units of the associated funds and programmes in fulfilling the evaluation function outlined in the UNDP evaluation policy. It also presents an assessment of the evaluation capacity in the organization, evaluative evidence available for managing development results, and compliance in decentralized evaluation. The lessons emerging from independent evaluations are discussed, and the programme of work for 2011 and 2012 is presented (see section III) for Executive Board approval.

I. The evaluation function

A. UNDP Evaluation Office

Coverage

2. The Evaluation Office conducts independent evaluations of corporate and global, regional and country programme outcomes identified in the UNDP strategic plan, and approved by the Executive Board. During 2010-2011 the Evaluation Office conducted 14 assessments of development results (ADRs) in Bangladesh, Brazil, Egypt, El Salvador, Ghana, Jamaica, Lao People's Democratic Republic, Malawi, Mongolia, Paraguay, Senegal, Somalia, Thailand and Tunisia. The Evaluation Office also completed five thematic evaluations covering key pillars of the work of UNDP: an evaluation of the UNDP contribution at the regional level to development and corporate results; an evaluation of the UNDP contribution to disaster prevention and recovery; an evaluation of the UNDP contribution to strengthening local governance; an evaluation of the UNDP contribution to environmental management for poverty reduction: the poverty-environment nexus; and an evaluation of the UNDP contribution to strengthening national capacities.

Review of the UNDP evaluation policy and its revision

3. In approving the first UNDP evaluation policy in 2006, the Executive Board requested the Evaluation Office to commission an independent review of the policy. The 2010 review, the quality of which was assured by an independent panel of advisers, confirmed the continued relevance of the policy, and also highlighted improvements, namely in management response and the use of independent evaluations. It was noted, however, that progress on decentralized evaluations was limited, particularly as regards their coverage, quality and compliance, and despite the availability of guidance and support.

4. In responding to the Executive Board decision on the independent review and the management response, UNDP revised the evaluation policy for approval by the Executive Board at its first regular session in 2011. The revision process was highly consultative and led by UNDP senior management. Revisions were made to clarify roles and responsibilities and to improve the evaluation practice in UNDP. Notably, greater importance has been given to national ownership in the evaluation process; to national evaluation capacity development; and to the use of evaluation for organizational learning and accountability. A new compliance requirement for decentralized evaluations has been introduced in this policy and is intended to: give flexibility to programme units in determining how to carry out evaluations; and promote joint efforts with national partners in evaluation. The revised policy is to be subject to periodic independent review.

Support to building a culture of evaluation in UNDP

5. Following the approval of the revised evaluation policy, the Evaluation Office, in partnership with the Operations Support Group and the Capacity Development Group of the Bureau for Development Policy, is amending the UNDP Handbook on Planning, Monitoring and Evaluating for Development Results and the Programme and Operations Policy and Procedures (POPP) to incorporate expanded

guidance on evaluation compliance and planning. The revised POPP will be made available in March 2011.

6. The Evaluation Office is developing a set of quality standards and guidelines on outcome-oriented decentralized evaluations which will be used to assess and rate decentralized evaluations in the future. Guidance will also be provided on reporting requirements and formats. The guidelines will provide examples of good practices and tools and templates, as well as suggestions on how to involve partners. These guidelines will be available in April 2011. The Evaluation Office is leading the development of an e-learning course on evaluation to be made available via the UNDP Learning Resource Centre. The course is primarily targeted at programme managers in UNDP's country offices and aims to deepen their understanding of evaluation principles and methodology, and their application when managing UNDP programmes and projects. It complements the Handbook on Planning, Monitoring and Evaluating for Development Results, providing an additional learning tool for UNDP managers.

7. To help address the existing challenges in enhancing the quality and use of decentralized evaluations, as well as to improve the accountability of UNDP to the Executive Board, the Evaluation Office, in close collaboration with regional, policy and practice bureaux, has been developing a quality-assessment mechanism for decentralized evaluations. In 2011 the Evaluation Office will begin assessing the quality of all evaluation reports commissioned in accordance with respective evaluation plans. In this work, the Office will be using a set of quality criteria in line with the United Nations Evaluation Group (UNEG) norms and standards for evaluation for the United Nations system and the Handbook on Planning, Monitoring and Evaluating for Development Results. (UNEG is a professional network responsible for evaluation within the United Nations system.)

8. The Evaluation Office has managed the online evaluation experts roster since 2006. Given the growing number of requests from country offices to help locate qualified and experienced evaluators, the Evaluation Office initiated discussions with the regional bureaux and regional service centres to build a common platform which would consolidate various evaluation expert rosters and other parallel systems maintained by different programme units. The platform is to be based on standard criteria for vetting consultants and will provide UNDP staff with a single point of entry for accessing a wider pool of qualified consultants and facilitating cross-regional use of evaluation expertise. Since 2001 the Evaluation Office has managed the knowledge network on evaluation, EvalNet, which provides evaluation news and resources. The network has 1,413 members and will be gradually integrated over the course of 2011-2012 with the new evaluation space on the UNDP Teamworks platform.

9. The Evaluation Office manages the publicly accessible online Evaluation Resources Centre (ERC).[1] The system includes evaluations conducted by the United Nations Capital Development Fund (UNCDF), the United Nations Volunteers and UN-Women. In 2010 the ERC was updated to accommodate the Global Environment Facility (GEF) evaluations, becoming the single evaluations repository for UNDP and its funds and programmes. Following the approval of the review of the evaluation policy, the ERC was updated to incorporate the new framework, which will allow for easier tracking of changes to evaluation plans, ensuring their compliance with the new policy. During the reporting period, the ERC repository contained more than 1,700 evaluation reports.

Resources

10. For 2010 the Evaluation Office received a budget of $7.743 million from UNDP core funding, a reduction of 14 per cent from 2009. Staff costs remain almost the same, with a disbursement of $3.277 million out of $3.963 million allocated to the Office. It should be noted that there was a 25 per cent decrease in the budget allocated for evaluations. The total expenditure on evaluations and other corporate related activities was $3.982 million, of which $3.758 million came from the UNDP core budget and the remainder from non-core contributions ($138,950 from the Norwegian Agency for Development Cooperation and $38,676 from the Global Environment Facility). The Evaluation Office continues to have 23 staff members (17 professional and 6 general services). Sixty-five per cent of all staff members, and 50 per cent of the professional staff members, are women.

[1] See http://erc.undp.org

Quality

11. The Evaluation Office continued to enhance the technical and managerial rigour of its evaluations. Focusing on greater national ownership of the evaluation process, the 2010 ADRs have further strengthened engagement with the national stakeholders, in particular through their participation in evaluation reference groups. Such reference groups were established to guide and enhance the quality of the evaluations, and to ensure they were fully grounded in national realities and facilitated broader ownership of the evaluation process. Efforts were also made to strengthen the system of external advisory panels for thematic evaluations.

Diversity of evaluation consultants

12. Support for national evaluation capacity in developing countries has long been part of the agenda of the Evaluation Office. In 2010 a major effort was made to facilitate the strengthening of national capacities by significantly increasing the use of national professionals from programme countries in the evaluation process. As a result, there has been a marked change in the composition of the evaluation teams, with an increase of programme-country consultants from 35 per cent of the total in 2008 to 77 per cent in 2010. In 2008 only 20 per cent of evaluation team leaders were from programme countries, compared with 55 per cent in 2010.

13. A number of ADRs have been conducted entirely by national consultants. The teams that undertook the ADRs for Bangladesh, Malawi and El Salvador consisted of, and were led by, national evaluators. Similarly, in Thailand and Brazil, national institutions were selected through a competitive process to undertake the evaluations. Regarding gender, although there is near-parity for consultants, overall the number of women in team-leader positions has decreased (6 per cent of the total in 2010 compared to 28 per cent in 2008). The majority of evaluation consultants recruited in 2010 was male (66 per cent of international consultants and 75 per cent of national consultants). Table 1 illustrates the regional balance of consultants used in evaluations conducted by the Evaluation Office.

Table 1: Evaluations conducted by the Evaluation Office: consultants by region

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thematic evaluations								
Team leaders	1	0	1	2	1	0	0	5
Team specialists	1	0	1	6	2	5	1	16
Country case studies consultants	8	1	7	2	6	1	1	26
Assessments of Development Results								
Team leaders	3	1	3	5	2	1	0	15
Team specialists	7	6	15	2	16	0	0	46
Total	20	8	27	17	27	7	2	108

B. United Nations Evaluation Group

14. The Evaluation Office continued its strong support to the rigorous agenda of the United Nations Evaluation Group, including advancing United Nations system-wide coherence as well as quality and innovation in evaluation. The Director of the Evaluation Office was re-elected in 2009 to serve as UNEG

Chair for a term of two years, until the next annual meeting in March 2011. UNDP hosts the UNEG secretariat, which is currently managed by the Deputy Director of the Evaluation Office in his capacity as UNEG Executive Coordinator, as delegated by the Director.

15. The UNEG work programme for 2010 was implemented by six task forces and one working group, in which the Evaluation Office participated actively. The UNDP Evaluation Office was the co-chair for the working group established to revise the UNEG Norms and Standards[2] and of the task force on harmonization of evaluation across the United Nations. (This latter group was to focus, in particular, on joint and United Nations Development Assistance Framework evaluations.) The Office also co-chaired the UNEG task force that is developing a concept note identifying possible roles for UNEG members in evaluation capacity development in partner countries. The Office continues to contribute substantively to inter-agency discussions pertaining to United Nations reform and evaluation. The Director of the Evaluation Office, in her capacity as UNEG Chair, is a member of the evaluation management group for the independent evaluation of the Delivering as One pilots, as well as taking part in the discussions on establishing an independent, system-wide mechanism for evaluation in the United Nations, in line with the General Assembly resolution 63/211 on system-wide coherence.

16. Evaluation Office staff members also continued to participate actively in other UNEG initiatives, including developing a guidance document on impact evaluations; developing a handbook for evaluators in the United Nations system so they could explore integrating human rights and gender-equality perspectives in the management and conduct of evaluations; and conducting a review of existing frameworks and tools for assessing evaluation functions in the United Nations system. The Office also contributed to the preparations of the UNEG Evaluation Practice Exchange Seminar 2011, a professional event facilitating the exchange of knowledge and lessons learned among United Nations evaluators.

17. UNEG initiatives are integrated in the office programme of work and in the individual performance plans of staff members of the Evaluation Office.

C. Associated funds and programmes

United Nations Capital Development Fund

18. Programme evaluations continue to be a key corporate priority for UNCDF. For the year 2010 UNCDF allocated $885,357 from the core and non-core budgets for programme and project evaluation. The UNCDF Evaluation Unit has three staff members, including an additional Evaluation Specialist post created in 2010. In 2010, regional offices in Bangkok and Dakar recruited two Junior Professional Officers as monitoring and evaluation officers. The UNCDF Evaluation Unit significantly expanded its programme of work, signalling a move towards the greater use of evaluative evidence in UNCDF programming. In 2010, eight evaluations were commissioned, compared with four evaluations commissioned in 2009.

19. In 2010 a Special Project Implementation Review Exercise (SPIRE) was implemented. It covered eight projects and involving a two-level evaluation approach: (1) assessment of UNCDF programmes against their specific design; and (2) evaluating how these programmes worked in the context of the UNCDF corporate strategy. The latter involved cross-country comparisons and the tracking of progress towards achieving global objectives. The SPIRE methodology will be adapted to harmonize with the new evaluation policy and its emphasis on learning from evaluations.

20. Following the revision of the UNDP evaluation policy, UNCDF will conduct at least one strategic or thematic assessment per year in response to corporate priorities. It will also conduct midterm or final evaluations of selected projects in critical areas of relevance to the two UNCDF practice areas of local development and inclusive finance, as well as project evaluations when required by a partnership protocol. UNCDF will also participate in evaluations of joint programmes as required by approved joint programme documents. A consultancy was launched to review the evaluation function of UNCDF in view of the revised evaluation policy. The exercise will advise on the optimal approaches and

[2] www.unevaluation.org/unegnorms and www.unevaluation.org/unegstandards.

arrangements for the conduct of UNCDF evaluations at the Headquarters, regional and country-office levels. The exercise is slated to be concluded by June 2011.

21. The UNCDF Evaluation Unit continued to have an active engagement with the United Nations Evaluation Group, participating in two task forces: on gender and human rights, and on national capacity development in evaluation.

United Nations Development Fund for Women (UNIFEM)

22. UNIFEM became part of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) as of 1 January 2011. Due to this change, this report covers the period from 1 January 2010 to 31 December 2010. For the year 2010 the budget was $1,712,753.23, of which $819,083.30 was from core funding and $893,669.93 from non-core funding. The latter funds are to be distributed over a two-year period. During the reporting period the Evaluation Unit had eight staff members and one consultant (seven professional and two support posts). Ten independent evaluations were completed in 2010 compared to 14 in 2009. The Evaluation Unit of UNIFEM reported an increase in the decentralized evaluation completion rate from 32 per cent in 2009 to 38 per cent in 2010. The completion rate for management responses increased from 14 per cent in 2009 to 50 per cent in 2010.

23. The UNIFEM evaluation policy has provided a framework for evaluation within the organization. For the improvement of evaluation use and accountability, in 2010 the UNIFEM module of the UNDP Evaluation Resource Centre was launched and made available globally. This allowed decentralized offices to upload evaluation plans, evaluation reports and management responses.

24. Throughout 2010 the staff of the Evaluation Unit participated in a number of professional development workshops and conferences. A global monitoring and evaluation network was launched in order to facilitate exchange and learning regarding monitoring and evaluation issues among UNIFEM staff. Information will be exchanged on upcoming evaluation courses, tools and publications. As part of the efforts to create guidelines and tools for UNIFEM staff and partners on how to design, manage and use evaluations, the Evaluation Unit finalized a comprehensive online evaluation manual: "A manager's guide to gender equality and human rights responsive evaluation", and developed two new evaluation guidelines on the inceptions reports and the use of evaluation resource centre. The first phase of the UNIFEM evaluation capacity building programme was completed in 2010. This was followed by the delivery in Mexico City, Mexico of the regional course for programme managers and partners in the Latin America and Caribbean region.

25. The Unit continued to explore the possibilities of strategic partnerships, promoting knowledge exchange on gender equality and human rights responsive evaluation. The UNIFEM Evaluation Unit participated in the third conference of the Latin American and Caribbean Network for Monitoring, Evaluation and Systematization (ReLAC), which was held in Costa Rica. As an outcome, a working group on gender and evaluation was constituted within the framework of ReLAC. UNIFEM was a co-sponsor of the ninth international conference of the European Evaluation Society and facilitated expert discussion panels on gender and evaluation. The UNIFEM Evaluation Unit further strengthened its partnership with the American Evaluation Association (AEA) by contributing to the development and delivery of the pre-conference workshop on "Gender analysis and evaluation methods" and contributing to an expert panel on human rights in evaluation.

26. The UNIFEM Evaluation Unit continued to be actively engaged with the United Nations Evaluation Group, co-chairing two task forces: the taskforce on human rights and gender equality, and the taskforce on evaluation practice exchange. The Evaluation Unit was also a member of another three task forces, thus actively participating in five task forces, as compared to four last year. In this way the Unit has been able to ensure the integration of gender equality and human rights principles in their work programmes.

United Nations Volunteers (UNV)

27. For the year 2010, the UNV programme Evaluation Unit had a budget of $422,792, of which $210,757 was funded from the core budget. The departure of key staff members in 2010 had serious implications for the work of the Evaluation Unit which had no staff at the beginning of 2011. In 2010, UNV completed its internal change process and put in place a new organizational structure. The

Evaluation Unit was not affected and continued to maintain its independence from programme activities. Its terms of reference were strengthened to emphasize its norm-setting and capacity-development role for staff involved in programme design, management and oversight.

28. Despite staff constraints, eight project evaluations were completed in 2010. An in-depth assessment of the research and development function in UNV was conducted and the recommendations were taken into account in the finalization of the new organizational structure of UNV. The manual on planning, monitoring and evaluation in UNV was developed in 2010, to serve as a complement to the UNDP Handbook on Planning, Monitoring and Evaluating for Development Results, with a focus on UNV-specific management tools and content. The Manual is due to be released in 2011 and will be accompanied by staff training.

29. The UNV programme Evaluation Unit is an active participant in UNEG and participates in learning activities and information-sharing. UNEG selected the UNV female genital mutilation project in Sudan as one of five pilots for review and inclusion to the UNEG evaluation handbook on human rights and gender.

D. Programme units

Compliance

30. The UNDP evaluation policy[3] mandates that country programmes be accompanied by an evaluation plan along with the country programme for the programme period. These evaluation plans are prepared in consultation with government counterparts and are endorsed by respective regional bureaux. These decentralized evaluations are funded through the programme budget and conducted by external evaluators who are hired by the country office. It is mandatory to plan and carry out outcome evaluations, as outlined in the evaluation plan. All evaluation reports and their management responses are made available publicly in the Evaluation Resources Centre.

31. Out of the 25 country programmes which concluded in 2010, nine did not carry out or plan for any outcome evaluations. Of the remaining 16 country programmes that did plan for outcome evaluations, seven were fully compliant (see Table 2). This year 28 per cent of the county offices' evaluation plans were compliant, compared with fewer than 10 per cent reported last year.

32. According to the UNDP evaluation policy, it is mandatory for all completed evaluations to have a management response. During this reporting period, management responses were issued for 78 per cent of all completed evaluations (see Table 3).

Table 2. Outcome evaluation compliance

Region	Number of country programmes in compliance	[illegible]	[illegible]	[illegible]
Africa	9	1	4	4
Arab States	3	1		2
Asia and the Pacific	5	2	2	1
Europe and the CIS	6	2	3	1
Latin America and the Caribbean	2	1		1
Total (percentage of total)	25 (100)	7 (28)	9 (36)	9 (36)

[3] The revised UNDP evaluation policy was approved by the Executive Board at its first regular session in January 2011. For the purpose of reporting on compliance and coverage, requirements of the 2006 evaluation policy are applied in the 2010 Annual Report on Evaluation.

Notes:
* Completed all planned outcome evaluations.
** Completed at least one, but not all, planned outcome evaluations.
*** Did not complete any planned outcome evaluations.

Coverage

33. In the 2010 reporting period, 88 country offices completed 185 evaluations (35 outcome evaluations, 130 project evaluations, and 20 other types of evaluations, including United Nations Development Assistance Framework evaluations). Compared to last year, there was a slight decline in the total number of evaluations conducted. This decline was most noticeable in the Asia and the Pacific region and the Arab States region. There was, however, an increase in the number of countries that conducted at least one evaluation, with the African region displaying the most significant increase in the number of countries conducting evaluations (see Table 3 and Table A in the Annex).

34. The regional bureaux and the policy and practice bureaux are also required to conduct evaluations of their respective policies and programmes. During this reporting period, they conducted two evaluations: the Bureau for Development Policy completed an evaluation of the Joint UNDP/World Bank/UNAIDS HIV Mainstreaming programme, and the Regional Bureau of Europe and CIS carried out a project evaluation of efforts to support country actions related to the Convention on Biological Diversity programme of work on protected areas.

35. The thematic coverage of evaluations was similar to last year. The focus areas with the largest number of evaluations were governance and poverty (see Figure 1).

36. The number of outcome evaluations conducted at the country level still remains low. In the Latin America and the Caribbean region, however, there has been a slight upward trend over the last three years, but in the Asia and the Pacific region, there was a decline compared with last year (see Figure 2). Some of the evaluations listed in the "other" category were outcome-oriented programmatic evaluations such as United Nations Development Assistance Framework (UNDAF) and Country Programme Action Plan (CPAP) evaluations. In the Africa region all 13 evaluations classified as "other" were outcome-oriented evaluations. This demonstrates an increased organizational-level focus on outcome, and this is anticipated to be a trend in light of the spirit of the revised evaluation policy.

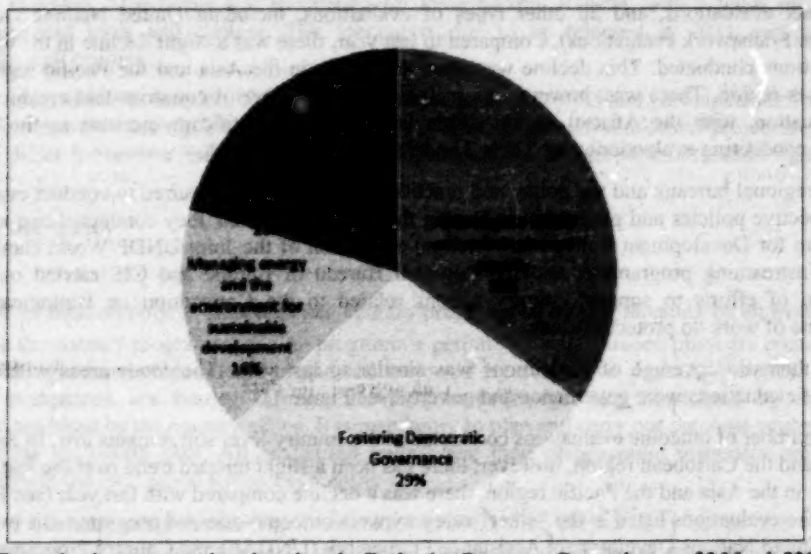
Table 3. Regional distribution of evaluations*

Total number of evaluations in 2010	185	65	15	29	42	34
of which project evaluations	130	40	10	23	36	21
of which outcome evaluations	35	12	4	4	5	10
of which other evaluations	20	13	1	2	1	3
Percentage of outcome evaluations in total evaluations	19	18	27	14	12	29
Percentage of countries with at least one evaluation of any type	63	69	39	48	77	72

Percentage of evaluations with a management response	78	78	80	79	74	82

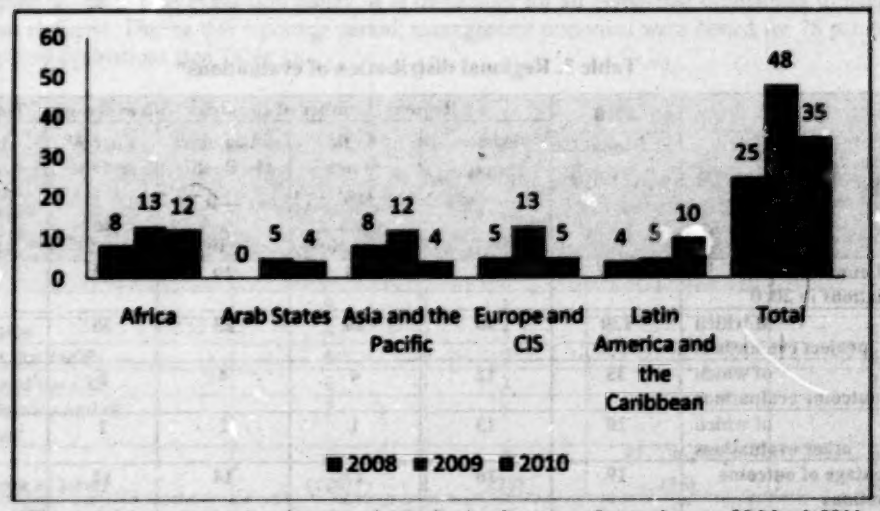
*The evaluations presented are based on the Evaluation Resources Centre data as of 3 March 2011.

Figure 1. Thematic distribution of evaluations*



*The evaluations presented are based on the Evaluation Resources Centre data as of 3 March 2011.

Figure 2. Outcome evaluation in UNDP country offices (2008-2010)*



*The evaluations presented are based on the Evaluation Resources Centre data as of 3 March 2011.

Quality

37. An assessment of the quality of 33 outcome evaluations conducted in 2010, using a standardized set of criteria, was carried out by the Evaluation Office. The findings of the quality assessment are presented in Table 4. The percentage of the outcome evaluations that were found to be satisfactory and moderately satisfactory was about 64 per cent in 2010 and has slightly increased compared with 2009 (60 per cent). While there has been an increase in the evaluations found to be unsatisfactory, no evaluations were found highly unsatisfactory.

38. In line with the results of the previous two years, the analysis of ratings for each criterion suggests that the evaluation reports were strongest with regard to "clarity of evaluation purpose and subject". Performance with respect to "evaluation objectives and criteria" and "methods for data collection and analysis" were judged to be the weakest. Weak evaluation design and methodology were also reported in the assessments conducted in 2007, 2008 and 2009. The rest of the criteria (findings, conclusions and recommendations) were, for the most part, evenly distributed. The assessment also indicates that evaluation findings are not always based on reliable and measurable evidence, but rather reflect subjective statements based on general impressions or anecdotal evidence. Conclusions are often confounded with findings or mixed up with recommendations.

Table 4. Summary of outcome evaluation ratings by quality criteria*

Rating	Quality criteria							
	2010 overall	Coverage and credibility of the report	Clarity of evaluation purpose and subject	Evaluation objectives and criteria	Methods for data collection and analysis	Findings	Conclusions	Recommendations
Highly satisfactory	0 (0%)	2 (6%)	8 (24%)	2 (6%)	0 (0%)	2 (6%)	1 (3%)	6 (18%)
Satisfactory	7 (21%)	8 (24%)	9 (27%)	5 (16%)	8 (24%)	10 (31%)	8 (24%)	15 (45%)
Moderately satisfactory	14 (43%)	14 (43%)	9 (27%)	9 (27%)	8 (24%)	13 (39%)	11 (34%)	6 (18%)
Moderately unsatisfactory	8 (24%)	9 (27%)	5 (16%)	9 (27%)	10 (31%)	6 (18%)	6 (18%)	5 (16%)
Unsatisfactory	4 (12%)	0 (0%)	2 (6%)	7 (21%)	7 (21%)	2 (6%)	7 (21%)	1 (3%)
Highly unsatisfactory	0 (0%)	0 (0%)	0 (0%)	1 (3%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Total	33 (100%)	33 (100%)	33 (100%)	33 (100%)	33 (100%)	33 (100%)	33 (100%)	33 (100%)

* The outcome evaluations whose quality was assessed are presented in the Annex (see the Executive Board website).

E. Evaluation capacity

39. Data on evaluation capacity at the country level gathered by the Evaluation Office for this year's annual report show that there has been a decline in the overall number of country offices with dedicated monitoring and evaluation units. Only 27 per cent of country offices have dedicated monitoring and evaluation units, as opposed to 31 per cent reported last year. In many of the country offices, the

monitoring and evaluation function is integrated into a larger unit within the country office, and staff members responsible for monitoring and evaluation often carry out other functions (see Table 5).

Table 5. Evaluation capacity in country offices in 2010

	Global	Africa	Arab States	Asia and the Pacific	Europe and the CIS	Latin America and the Caribbean
Number of countries	139	45	18	25	26	25
Regional evaluation advisor	5	3	1	0	0	1
Number of dedicated monitoring and evaluation specialists	51	20	6	9	2	14
Number of country offices monitoring and evaluation units	37	20	2	4	0	11
Percentage of country office with monitoring and evaluation units	27	44	11	16	0	44

40. Evaluation capacity at the regional bureaux level remains unchanged compared with what was reported last year. The Regional Bureau for Africa has a Headquarters-based adviser and two regional advisers in Johannesburg and Dakar; the Regional Bureau for the Arab States has a regional adviser in Cairo; and the Regional Bureau for Latin America and the Caribbean has a regional adviser in Panama. The Regional Bureau for Asia and the Pacific and the Regional Bureau for Europe and the Commonwealth of Independent States have yet to have dedicated staff for monitoring and evaluation support.

41. To facilitate greater collaboration and coordination in promoting the culture of evaluation in UNDP, a community of evaluation focal points has been set up, comprising regional policy and practice bureaux, evaluation advisers in regional bureaux, regional service centres, the Evaluation Office, and evaluation units of the UNDP associated funds and programmes. This group has regular meetings involving Headquarters and regional service centre staff (through video conferencing), with a rotating chairperson. The group mainly discusses topics related to decentralized evaluation. Issues covered to date include the revised evaluation policy, preparation of evaluation plans, quality assessment of decentralized evaluation and evaluation expert rosters, as well as initiatives undertaken by bureaux and units in supporting the community of practitioners in evaluation. It is hoped that this exchange of ideas will improve evaluation culture and practice in UNDP.

Support to national evaluation capacity

42. Several country offices carried out various programmatic interventions to support growing demand to enhance national evaluation capacity in their programme countries. In Vanuatu, UNDP and the Economic and Social Commission for Asia and the Pacific provided an introduction to the monitoring and evaluation unit for the office of the Prime Minister. This introduction focused on how to monitor and evaluate the implementation of the Vanuatu Priorities and Action Agenda. UNDP Cambodia and UNDP Viet Nam carried out training on monitoring and evaluation for national implementing partners. In countries such as Ecuador and the Dominican Republic, interagency work has highlighted the importance of monitoring and evaluation at the country level. In Venezuela, an active monitoring and evaluation group was formed by UNDP, UNFPA and the United Nations Children's Fund (UNICEF), working jointly to foster a results-oriented approach among the agencies.

43. In an ongoing effort to strengthen decentralized evaluations, the Regional Bureaux for Africa, Europe and the CIS, and Latin America and the Caribbean organized training on results-based management, monitoring and evaluation, in collaboration with the Operations Support Group, Learning

Resource Centre, Bureau for Development Policy and the Evaluation Office. In Africa, such training was provided to national counterparts in six countries from the region (Burkina Faso, Central African Republic, Malawi, Mauritius, Republic of the Congo and Senegal). The regional service centre for Latin America and Caribbean, in coordination with Headquarters units, developed a shorter version of this training to be used in countries of the region. In 2010 such training events were conducted in Ecuador, Colombia, Brazil and Venezuela. A regional community of practice was established in the region in 2010 to facilitate effective exchange of information, experiences, expertise, knowledge and skills. The Panama-based regional service centre facilitates this community of practice. It is an important tool to share solutions and best practices, in this way supporting the evaluation capacities and evaluation culture in the region.

II. Key findings and lessons learned from independent evaluations

44. This section summarizes the key findings and lessons learned from independent evaluations conducted by the Evaluation Office in 2010. The following evaluations were used for the analysis:

a. Ten ADRs carried out in Bangladesh, El Salvador, Ghana, Jamaica, Lao People's Democratic Republic, Malawi, Mongolia, Paraguay, Senegal and Somalia[4]; and

b. Five thematic evaluations.[5]

45. ADRs confirmed that UNDP has continued to be recognized as a trusted and valued partner in development by its national counterparts, contributing to human development in the programme countries. The strengths of UNDP in assisting governments in achieving their development agendas are demonstrated in programme interventions that are highly relevant to national priorities. UNDP shows a capacity for facilitating political dialogue and for providing leadership for aid coordination. While UNDP enjoys a high degree of influence with governments and is often described as being in a "privileged" position in the countries, evaluation recommendations stress the need for a more strategic approach. Issues highlighted in the 2010 evaluations are summarized below.

A. Balancing upstream and downstream work, short-term and long-term investments

46. UNDP continues to be well positioned to engage in catalytic downstream work that often yields critical results as well as useful policy lessons. Codification of what works and what does not work needs to be done more systematically, so that UNDP can provide useful policy advice and so that governments and other development partners can effectively sustain and scale up their efforts to continue into the future what the UNDP initiatives have begun. Evaluations, however, find that downstream work is often carried out without consideration for opportunities for up-scaling. For UNDP to be effective at upstream and downstream work, and for the organization to achieve a balance between these two activities, country offices require an appropriate mix of skill sets, including not only substantive advisory capacity, but also robust programme management and administrative capacity.

47. UNDP faces the challenge of finding the most appropriate balance between short-term and long-term investments at the country-level. UNDP has been responsive in helping governments address immediate demands and day-to-day requirements in a number of areas, and has provided extensive project-based support. However, UNDP does not always leverage its strong relationship with governments to address longer-term capacity development for sustained results. For example, UNDP has achieved a measure of success in many micro-level, short-term recovery activities, but at the cost of being able to help countries integrate disaster risk reduction into long-term development planning. ADRs reveal that UNDP has often also been responsive to requests from donors and governments to undertake

[4] Other ADRs conducted in 2011 but which cover countries with programmes going to later than the June 2011 Executive Board meeting have not been included. The countries include Brazil, Egypt, Thailand and Tunisia.

[5] Evaluation of UNDP contribution to disaster prevention and recovery; Evaluation of UNDP contribution to strengthening local governance; Evaluation of UNDP contribution to strengthening national capacities; Evaluation of UNDP contribution to environmental management for poverty reduction: the poverty-environment nexus; and Evaluation of UNDP contribution at the regional level to development and corporate results.

new and unforeseen activities. While the flexibility of UNDP is appreciated by partners, this has also had the unintended consequences of fragmenting the focus of the programme and affecting the organization's credibility as a neutral development partner, as well as losing the opportunity to develop a longer-term strategy relevant to the countries.

B. UNDP partnership strategy

48. Evaluations show that UNDP has generally worked well with the United Nations system around planning frameworks. Translating planning frameworks into joint programmes, however, has been inhibited by various factors. These have included limited awareness of UNDP activities among development partners or UNDP lack of knowledge of other partners' activities. This has resulted in missed opportunities for collaboration, synergy and achieving efficiency when assisting the countries. Other inhibiting factors include: insufficient funds for joint programmes as participating parties have not committed the required resources, and the existence of differences in policies and agendas among development partners. UNDP needs to strengthen its partnership with civil society, the private sector and emerging development partners. Insufficient involvement or a lack of involvement of civil society organizations, private sector partners and local government authorities in UNDP programmatic activities and policy dialogue was highlighted in several ADRs as one of the key issues affecting the sustainability of UNDP interventions. This shortcoming has limited the ability of UNDP to reach a wider audience, and has often prevented the organization from demonstrating its comparative advantage. Programme countries are widening their partnerships with non-traditional development partners through South-South cooperation and cooperation with the private sector. UNDP is frequently requested by governments to help them better engage with emerging partners in the South, but has not always been well equipped to respond to such demands in a timely manner. In order to remain relevant, UNDP needs to adapt its partnership strategy to these changing dynamics, using innovations made by some country offices and regional bureaux.

C. Mainstreaming cross-practice work and cross-cutting themes

49. Although some progress has been made in promoting joint interventions across UNDP focus areas (for example, through the poverty-environment initiative), evaluations show that the UNDP practice architecture and operational structure generally reinforce the separation of focus areas, encourage individualistic approaches to specific topics and discourage cross-sector cooperation. Mainstreaming and cross-practice work, such as in the areas of capacity development and poverty-environment linkages, have been at the discretion of individual managers, and have not always constituted a systematic response to national challenges or to the corporate agenda. The importance of multi-dimensional approaches in achieving development results is recognized by most country offices. ADRs have suggested, however, that UNDP programmes have often been developed and delivered in silos, without fully leveraging the complementarities that exist across various practice areas.

50. At Headquarters the work of the various policy bureaux and their sub-units are, in the main, compartmentalized. The establishment of regional service centres, however, has contributed to an improvement in cross-practice collaboration by putting in place measures that include the co-location of practice or thematic units, the development of joint work plans, the establishment of shared knowledge management units, and joint missions to country offices. Rather than organizing their office structure in accordance with corporately defined focus areas, several country offices have, with good results, used their own programmatic focus and themes, based on their needs and strategic intent. This approach has, however, affected reporting along the pre-defined corporate tracks. While there is no blue print for country office configuration, useful lessons can be drawn from offices that have succeeded in innovating effective cross-practice work.

D. Promoting United Nations values: gender

51. Results from the ADRs show that in some countries the programmes have been able to incorporate gender aspects well. While positive results (such as increased awareness on gender issues at the country level and the development of a relevant strategy for programmes) have been reported, UNDP

performance on gender mainstreaming has remained relatively weak in other countries. In many cases, gender issues are largely unaddressed because of limited and inadequate attention and resources, as well as a lack of appropriate analysis to formulate concrete strategies. This lack has included the absence of a monitoring and evaluation mechanism for gender components. Some of the thematic evaluations (of the poverty and environment nexus and of disaster prevention and recovery) have also recommended that UNDP continue to enhance its efforts to integrate gender equality in practice areas.

E. Lessons from country programming

52. Evaluations have provided some lessons from country-level programming. First, many projects and programmes are developed without a well-defined results framework. They often lack concrete baselines or measures of performance. In some cases, the linkages between outputs and outcomes are weak and indicators and targets are too broadly defined. Even when elaborate indicators are defined in country programme and project documents, they are not always used in regular monitoring, annual reviews or oversight by regional bureaux.

53. Secondly, UNDP projects, particularly pilot and short-term interventions, are often designed without a strategy for "graduation" that goes beyond exit strategies. Successful experiences show the importance of building ownership and partnership strategies into the design of the programme and reviewing the progress being made on these strategies when monitoring and exercising oversight. Results of the ADRs suggest that developing explicit plans for scaling up pilot activities prior to the launch of such projects, as well as appropriate sustainability strategies, is crucial if UNDP pilot interventions are to become full-fledged government projects or projects for interested development partners.

54. Thirdly, effective learning of lessons requires strong monitoring and evaluation, knowledge management and guidance. Country offices are not always able to tap into the full wealth of UNDP experience. Communication between and within bureaux and other programme units has been found to be limited and corporate support is often fragmented. Guidance is often supply driven rather than demand driven, and too general to be easily adapted to the unique circumstances of particular countries. It is not consistently complemented by technical support and guidance from Headquarters and regional service centres and by oversight from the regional bureaux. In addition, an appropriate and effective system for knowledge management and monitoring and evaluation is not in place in some country offices, limiting the opportunities for staff and partners to generate, share and benefit from lessons learned from their interventions.

55. Challenges in business and operational processes are also highlighted in some ADRs, often in the form of complications in the use of the financial management system, Atlas, and delays in payments to partners or in procurement. These are reported as often negatively effecting the timely and full completion of planned projects, and compromising the overall efficiency and effectiveness of UNDP interventions.

III. Programme of work for the Evaluation Office for 2011-2012

56. The programme of work for the Evaluation Office is aligned with the UNDP strategic plan and approved by the Executive Board. The 2011 programme of work of the Evaluation Office is as follows, and will be funded under the 2010-2011 biennial support budget approved by the Executive Board in January 2010. A proposed programme of work for 2012 is also provided, as planning for this work will need to start in 2011.

A. Approved programme of work 2011

Evaluations to be undertaken in 2011

(a) Fifteen assessments of development results.

(b) Evaluation of UNDP effectiveness in facilitating the use of global funds to achieve development results.

(c) Evaluation of the role and contribution of UNDP support to strengthening electoral systems and processes.

(d) Evaluation of the UNDP contribution to poverty reduction.

(f) Evaluation of the UNDP assistance to conflict affected countries.

(g) Evaluation of gender mainstreaming.

(e) Evaluation of the effectiveness of the strategic plan.

57. The approved programme of work for 2011 also included three evaluations of the regional cooperation frameworks in Africa, Asia and the Pacific, and Latin America and the Caribbean respectively. Following the extension of these programmes so that they could be aligned with the strategic plan, however, the evaluations have been postponed. Similarly, the evaluation of the effectiveness of the strategic plan will only be conducted in 2012. This evaluation will build on the mid-term review of the strategic plan due to be presented to the Executive Board in September 2011.

Support to strengthening the culture of evaluation in 2011

(a) Organizing a second conference on national evaluation capacities to be held in South Africa.

(b) Supporting evaluation capacity development among UNDP staff and national partners through preparation of guidance for decentralized evaluations, quality assurance of decentralized evaluations, development of an e-learning course on evaluation, and strengthening the roster of evaluation consultants.

(c) Managing the Evaluation Resources Centre.

(d) Managing EvalNet and developing evaluation knowledge products.

(e) Hosting and managing the secretariat of UNEG and contributing to the UNEG programme of work.

B. Proposed programme of work 2012

(a) Evaluation of the effectiveness of the strategic plan.

(b) Five evaluations of the regional programmes in Africa, Asia and the Pacific, Arab States, Europe and the CIS, and Latin America and the Caribbean.

(c) Evaluation of the Global Programme.

(d) Evaluation of the South-South cooperation programme.

(e) Assessments of Development Results.

58. Given the increase in workload as a result of undertaking evaluations of all five regional programmes, the global programme and the programme on South-South cooperation in a single year, it may be necessary to reduce the number of ADRs undertaken in 2012. The Evaluation Office will undertake a workload analysis to determine the number of ADRs that can be undertaken without compromising the quality of the evaluations.

United Nations DP/2011/25

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
7 April 2011

Original: English

Annual session 2011
6 to 17 June 2011, New York
Item 5 of the provisional agenda
Human Development Report

Update on *Human Development Report* preparations and consultations

1. Preparation of the global *Human Development Report* is guided by General Assembly resolution 57/264, which reaffirmed the Report's editorial independence as well as the importance of consultations with Member States. The resolution also invited the UNDP/UNFPA Executive Board to include a separate agenda item on the *Human Development Report* in its annual workplan, and Executive Board decision 2011/12 calls on UNDP and the Human Development Report Office to "ensure full implementation" of the General Assembly resolution, including by taking steps to "further improve the consultation process . . . in an inclusive and transparent manner."

2. This briefing note for the 2011 annual session of the UNDP Executive Board describes the key findings of the 2010 *Human Development Report*, the global reception of the Report and plans for the 2011 Report. In light of recent discussions with Member States, the note pays particular attention to enhanced efforts to strengthen dialogue with Member States, particularly with respect to statistical aspects of the Report. A description of the 2011 *Human Development Report* consultation process and initial findings is also provided. The oral report of the Administrator to the Executive Board in June 2011 will provide further updates on the measures taken by UNDP and the Development Report Office to ensure implementation of 57/264 and of corresponding Board decisions.

The 2010 *Human Development Report*

3. The 2010 Report, the twentieth in the series, analysed global progress in human development over the past 40 years. It documented enormous improvements that have been made around the world as evidenced by the higher Human Development Index (HDI) scores of most countries. However, the variation among countries is striking: The lowest-performing 25 per cent experienced less than a 20 per cent improvement in HDI performance, while the top-performing group averaged gains of more than 50 per cent. Yet as a group, the quartile of countries at the bottom of the HDI scale in 1970 improved even faster than those then at the top, with an average gain of 61 per cent. The diverse national pathways to development firmly show that there is no single formula for sustainable progress. Among the 10 top performers in

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terms of rate of progress, advances in health and education most often drove their overall performance.

4. Following consultation with human-development measurement experts associated with the Oxford Poverty & Human Development Initiative and the University of Gottingen, the 2010 Report introduced a revised methodology and indicators for the HDI. The objective was to ensure the Report's continued relevance and to capture the significance for human development of achieving balanced progress in all three dimensions of the index (longevity, education and standard of living). The Report also introduced a series of innovative measurements for multidimensional poverty, gender disparities and inequality (Inequality-adjusted HDI, Gender Inequality Index and Multidimensional Poverty Index). These replaced earlier gender and poverty indices on an experimental basis. These innovations were made possible by increases in the amount of data available internationally and progress in statistical methods. They reflected new insights and sought to address concerns with earlier indices. The Report discussed these innovations at length.

5. The 2010 Report also looked at aspects of human development that are not captured by the indices, such as civic engagement and opportunities for people to be heard on issues affecting their lives. It concluded that the lack of sustainability, and of equity and empowerment, threaten countries' abilities to continue to make progress on human development.

Launch and reception

6. The United Nations Secretary-General and the UNDP Administrator launched the twentieth anniversary *Human Development Report* at the United Nations on 4 November 2010. Subsequently, the Report was presented and discussed at regional and national events with the active participation of heads of State and other senior officials in more than 100 countries. There were international symposiums — among others, one hosted by the European Union in Brussels and one hosted by the Organisation for Economic Co-operation and Development (OECD) in Paris. The report was also the focus of several major international academic conferences, including meetings of the International Society of Quality-of-Life Studies in Bangkok and the Latin American and Caribbean Economic Association, in Medellin.

7. The 2010 Report was covered extensively by print and electronic media worldwide — to a much greater extent than any other recent *Human Development Report*. By mid-December, the 2010 Report had been spotlighted in more than 2,000 newspaper articles, articles appearing in almost every country in the world, and it had been the subject of programs broadcast by the leading global news broadcasters. The 2010 Report and its Index were also discussed in nearly 4,000 separate blog reports, in all the major languages and from all the major regions. This coverage came on top of a record 4.4 million page views of the Report website (http://hdr.undp.org/en/), and more than 300,000 downloads of the Report in PDF format. Online discussions of the Report and its indices continue in the Report's blog: "Let's Talk Human Development" (http://hdr.undp.org/en/humandev/lets-talk-hd/). Academic citations of the Report tracked by Google Scholar show that the *Human Development Report* now surpasses the World Bank's *World Development Report* in the number of international scholarly references made to it.

8. The Report also continued to receive widespread endorsement from scholars and policy experts, and in the major media. For example, Gregg Easterbrook in *The New Republic* referred to the Report as "one of the world's most significant documents," and Dani Rodrik of Harvard said the Report "substantially enriches our understanding of the development landscape."

Post-release discussion on the consultative process

9. At the first regular session 2011 of the Executive Board, held from 31 January to 3 February 2011, there was debate regarding the extent to which Member States had been consulted in the course of the preparation of the 2010 *Human Development Report*. Board decision 2011/12 called upon the Human Development Report Office "to further improve the consultation

process with Member States . . . in an inclusive and transparent manner". The concluding paragraph spoke of improving the Report's "quality and accuracy, as well as preserving its credibility and impartiality, without compromising its editorial independence".

10. The human development indices, indicators and data were subject to further debate and discussion on the occasion of the triennial report by the Human Development Report Office to the United Nations Statistical Commission at its forty-second session, held 23 to 24 February 2011. The Human Development Report Office was requested to report back to the Commission within three months on the issues raised in the decision: e.g., the use of unofficial data, lack of consultations with national statistical offices, and data discrepancies between the Report and data available from national sources.

Actions to address concerns and increase consultation

11. Seeking to address the concerns expressed in the decisions of the UNDP Executive Board and the Statistical Commission, the Human Development Report Office has taken the following steps to get more feedback and expert input, and to enhance the transparency of its work:

(i) *Reactivated the Statistical Advisory Panel,* as recommended by the Expert Group on the Human Development Index. This action is intended to facilitate early and full consultations with the official statistical community during the preparation of the 2011 and subsequent *Human Development Reports*. A majority of the Panel members are drawn from the official statistical community, and a majority are from developing countries. The issues concerning the 2011 Report that are to be considered include: how to respond in cases where official data is lacking; the use of non-official national data; and the implications for the Report of the 1994 Fundamental Principles of Official Statistics and the 2005 Principles Governing International Statistical Activities.[1] The Panel complements the ongoing dialogue with the Expert Group, which represents Member States and reports back to the Statistical Commission.

(ii) *Liaised with national statistical offices and international data providers* to enhance transparency and to ensure that Human Development Index calculations make the widest possible use of internationally recognized comparable data. In February a meeting was organized with Statistical Commission delegates from countries not included in the 2010 Index and with statistical advisers from the Economic Commission for Latin America and the Caribbean (ECLAC), the Caribbean Community, the Economic and Social Commission for Western Asia, and the Secretariat of the Pacific Community. The purpose of this meeting was to discuss ways to ensure that relevant international data are channelled to the Human Development Report Office. The Office is also working with the Small Island Developing States Unit of the United Nations Department of Economic and Social Affairs in order to obtain indicators for small island countries. These countries' indicators are the most often affected by data gaps in international data series. In March the Office formally contacted national statistics offices in a parallel process, through the United Nations Statistics Division and the permanent missions to the United Nations. These national offices were advised about the international data sources that would be used to calculate the Human Development Index and related indices slated to appear in the 2011 Report. This dual communication included a calendar for the preparatory phases of the Report. The calendar included deadlines for when international data would be obtained

[1] For copies of these documents, see:

- http://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx (Fundamental Principles); and
- http://unstats.un.org/unsd/methods/statorg/Principles_stat_activities/principles_stat_activities.htm (Principles).

from the source agencies. As requested, a report was also submitted the Statistical Commission to describe the steps that were being taken in response to its decision 10.

(iii) *Expanded consultations with experts, policymakers and civil leaders on the 2011 Report.* The Human Development Report Office has pursued additional opportunities to consult on the upcoming Report with a range of stakeholders, experts and interested officials. A complete list of the consultations that have occurred or have been planned to date is provided in the Annex below, and further information is available at http://hdr.undp.org/en/reports/global/hdr2011/ and is provided to Member States at informal briefings. Reviewing here, this consultation programme includes:

(a) Meetings drawing in regional representation in Bamako and Ljubljana, as well as meetings in Brasilia, Beijing, New Delhi, Quito and San Jose which have been planned in conjunction with country offices and regional centres.

(b) Brainstorming sessions at academic institutions, including at the London School of Economics, the Dubai School of Government, and the Institute of the Environment at the University of California at Berkeley.

(c) A Bonn meeting (December 2010) of scholars and policymakers which was hosted by the United Nations Association of Germany in conjunction with the German Ministry of Foreign Affairs, as well as proposed subregional reviews slated to be hosted by the Governments of Denmark and Japan.

(d) Consultation opportunities at the upcoming Fourth United Nations Conference on the Least Developed Countries in Istanbul, and in conjunction with the annual meeting of the UNDP Civil Society Advisory Committee.

(e) Meetings with statisticians from the United Nations regional commissions (ECLAC and the Economic Commission for Europe), at Eurostat and in Qatar and Kigali, as well as participation in the meeting of the Committee for the Coordination of Statistical Activities and the 58th World Statistics Congress of the International Statistical Institute.

12. In addition, the Report Office asked the Oxford Poverty & Human Development Initiative to organize its biennial, two-week human development course around the theme of human development measurement. The course took place in March 2011 and brought together 43 policymakers, UNDP staff and experts representing 32 developing countries. The course introduced participants to the development, calculation and analysis of the new indices, and to other changes introduced in the 2010 Report. The course also provided an occasion to test guidance materials on the revised and new indices. These will be used in the preparation of regional and national human development reports.

13. Following previous years' procedures, but also augmenting them, a series of informal consultations with Executive Board members have been scheduled. These meetings are offering valuable opportunities to review the efforts under way to strengthen dialogue with Member States and the progress in resolving critical data gaps, and to discuss technical decisions that are shaping the preparation of the upcoming report. The first of these meetings took place in January 2011. At these informal consultations with the full Board, the Director of the Human Development Report Office presented the theme for the 2011 Report and outlined the Report preparation process. There were also extensive discussions of the 2010 process. A second meeting in March 2011 focused exclusively on the upcoming report, highlighting the analysis behind its chosen theme, emerging patterns and trends, and basic questions the 2011 Report will be seeking to answer. In April and May there will be further consultations with the regional groups of the Board to deepen the dialogue and consider region-specific feedback and initiatives. The Office has also been encouraging representatives of United Nations permanent missions and capitals to meet with Office staff either regarding the theme and broad outlines of the upcoming Report, or to discuss more specific statistical concerns.

14. As in previous years, the Human Development Report Office will also be receiving valuable input from other expert bodies, academics, United Nations and permanent mission staff, and indeed from interested individual citizens around the world. Activities to highlight in this regard include:

(i) Coordinating with the Energy and Environment Group of the UNDP Bureau for Development Policy, and keeping abreast of the sustainability-related analyses taking place in advance of the United Nations Conference on Sustainable Development, to be held in Rio de Janeiro in June 2012. The Report Office also remains in close contact with the Department of Economic and Social Affairs, and is participating in the reviews of that Department's World Economic and Social Survey 2011. The Office is also in contact with the team supporting the Secretary-General's High-level Panel on Global Sustainability. In addition, the Office has had meetings with the United Nations Environment Programme and the OECD, and will organize a review of a draft of the 2011 *Human Development Report* with United Nations agencies in Geneva in May.

(ii) Consulting with the Academic Advisory Panel with expertise in areas of human development, sustainability and data use. This panel has met twice and provides ongoing virtual reviews and advice to the Human Development Report Office.

(iii) The UNDP readers' group, representing all the regional bureaux and different practice areas, has also been discussing the Report at key points in the process, and has helped by distilling regionally relevant recommendations and messages. A seminar series, started in 2009, provides regular opportunities to discuss topical issues related to sustainability and equity with UNDP staff, permanent missions and other stakeholders in the New York area.

(iv) Broader discussions have taken place on the Human Development Resource Network (HDRNet), through the "Let's Talk Human Development" blog and on the *Human Development Report* Facebook page (http://www.facebook.com/HumanDevelopmentReport). In addition, the Report Office has more than 13,000 e-mail subscribers, who are sent regular updates about background papers, blog updates and consultation announcements, as well as when new materials are posted on the Report website.

The 2011 *Human Development Report*

15. As noted above, the 2010 Report concluded that the lack of sustainability, and of equity and empowerment, threatened countries' abilities to make progress on human development. This is in line with a conclusion reached in the first years of work on the *Human Development Report*: Sustainability is central to human development. For example: If the historical rates of progress experienced over the past four decades can indeed be sustained, by 2050 three quarters of the people in the world could be living in countries with a Human Development Index (HDI) similar to that of developed countries today.

16. That is the positive side of the coin. On the negative side, it is clear that such a level of sustainability is threatened by the overuse and degradation of critical environmental resources, by intergenerational and intragenerational inequity and by what in years past was called the "limits to growth". For much of the past several centuries technical progress outstripped the constraints imposed by the finiteness of global natural resources, but there is considerable uncertainty today as to the capacity of further technological innovations to easily solve our future problems and to maintain the previous levels of growth in productivity. There are also good reasons to believe that increases in inequality and in environmental unsustainability may be causally interrelated. For example, equitable distributions may make it easier to reach cooperative outcomes.

17. With these phenomena in mind, in view of the upcoming 2012 United Nations Conference on Sustainable Development, and with a goal of ensuring that environmental and economic stressors do not stifle people's aspirations for development or compromise the prospects and freedoms of future generations, the decision was reached with the UNDP Administrator to

focus the 2011 *Human Development* Report on the issue of equity and sustainability. More specifically, the Report will examine the urgent global challenge of sustainable development, and its relationship to inequality within and across countries. The Report will strive to deepen our understanding of those important linkages, and to identify polices that would make development both more sustainable and more equitable in the decades to come.

18. While links between inequality and unsustainability have long been recognized, much remains to be learned about the relationship between the two phenomena, and about the kinds of policies that can help ensure that development becomes both more sustainable and more equitable. The Report will pay particular attention to the world's poorest people, many of whom are concentrated in regions that have long been punished by drought, floods and other natural disasters. There is some evidence that the frequency and severity of these disasters is on the increase as a result of rising temperatures. It is also the case that these people have the least power, which only adds to the challenge of addressing the environmental, economic and political problems confronting them.

19. The 2011 Report will also update and expand country coverage of the Human Development Index and of the complementary indices that were introduced in the 2010 Report: the Inequality-adjusted HDI, the Gender Inequality Index and the Multidimensional Poverty Index. The annex to the 2011 Report will include a careful selection of sustainability indicators, capturing food security, environmental threats and vulnerability, sustainability of ecosystems and energy use.

In conclusion

20. The Executive Board recognized in its February 2011 decision that the *Human Development Report* "is an important tool for raising awareness about human development around the world." The Human Development Report Office remains committed to the tradition of promoting awareness about human capabilities, and to using its research to enrich public understanding of human development progress and challenges.

Annex

Meetings with experts, UNDP, governments and other stakeholders in the preparation of the 2011 *Human Development Report*

(As of 6 April 2011)

Event	Location	Date
Sustainability and human development organized with London School of Economics	London, United Kingdom	1 Feb 2010
Sustainability and human development in East Africa with UNEP	Nairobi, Kenya	21 July 2010
Sustainability, environment and human development organized with the HDCA	Amman, Jordan	20 Sep 2010
Sustainability, environment and human development (Mali country office)	Bamako, Mali	25 Nov 2010
Sustainability and human development in East Asia, organized with Bangkok Regional Centre	Bangkok, Thailand	8 Dec 2010
Sustaining equitable progress, organized with the Dubai School of Government	Dubai, UAE	14 Dec 2010
Sustainability and human development, organized with the United Nations Association of Germany and the German MFA	Bonn, Germany	16 Dec 2010
UNDP Management Group discussions	New York, NY	17 Jan 2011
UNDP readers' group	New York, NY	20 Jan 2011
Academic Advisory Panel	New York, NY	21 Jan 2011
Expert meeting at the University of California, Berkeley, Institute of the Environment	Berkeley, California	10 Feb 2011
UNDP readers' group	New York, NY	23 March 2011
UNDP Civil Society Advisory Committee group	New York, NY	24 March 2011
Academic Advisory Panel	New York, NY	25 March 2011
Executive Board, informal briefing	New York, NY	30 March 2011
Country level expert meeting	San Jose, Costa Rica	4 April 2011
Country level expert meeting	Quito, Ecuador	11-12 April 2011
Executive Board regional groups	New York, NY	late April 2011
Sustainable Human Development in Western Balkans	Ljubljana, Slovenia	25-26 May 2011
Meeting with local experts in context of Asian and Pacific HDR discussion	New Delhi, India	27-28 April 2011
Meeting with local experts in context of Asian and Pacific HDR discussion	Beijing, China	29 April 2011
Country level expert meeting	Brasilia, Brazil	(tbc)
Discussions with civil society organizations (CSOs) attending Commission on Sustainable Development (tbd) (2-13 May)	New York, NY	May 2011
African consultation (possibly with ECA)	tbd	tbd
Review of emerging findings with UN agencies, CSOs, OECD etc	Geneva, Switzerland	16 May 2011
Review of emerging findings, particularly with respect to policy recommendations (Danish MFA hosted)	Copenhagen, Denmark	18 May 2011
UNDP Management Group discussion	New York, NY	May 2011
Executive Board, informal briefing	New York, NY	23 May 2011
Human development workshop for Gulf States	Qatar (tbd)	May or June 2011

Country level expert meeting	Tokyo, Japan	early June 2011 (tbc)
Executive Board, annual meeting	New York, NY	10 June 2011

Meetings on Statistics

Consultation with statistical agencies of countries omitted from 2010 HDI	New York, NY	22 Feb 2011
Statistics Commission discussions on HDI and indicators	New York, NY	23-24 Feb 2011
Eurostat conference "Statistics for policymaking: Europe 2020"	Brussels, Belgium	10-11 March 2011
Meeting of UNECLAC on statistics/bilateral meeting with authorities	Havana, Cuba	6-8 April 2011
Statistical Advisory Panel	New York, NY	14 April 2011
Measuring progress of societies (OECD and UNDP co-chairs)	Mexico City, Mexico	11-13 May 2011
59th plenary session of the Conference of European Statisticians	Geneva, Switzerland	14-16 June 2011
Review of sustainability measurements	Kigali, Rwanda	21-24 June 2011
58th World Statistics Congress of the International Statistical Institute	Dublin, Ireland	21-26 Aug 2011
The Committee for the Coordination of Statistical Activities	Luxembourg	Aug 2011

United Nations DP/2011/26

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
8 April 2011

Original: English

Annual session 2011
6 to 17 June 2011, New York
Item 6 of the provisional agenda
Country programmes and related matters

Extensions of country programmes
Note of the Administrator

Summary

The present note contains information on the extensions of the country programmes for Croatia, Guinea, Haiti, Madagascar, Mauritius, Moldova, Paraguay, Tunisia, the United Arab Emirates and South Africa. Requests for first one-year extensions of country programmes are approved by the Administrator and presented to the Executive Board for information. The requests for second one-year extensions and two-year extensions of country programmes are submitted to the Executive Board for approval.

Elements of a decision

The Executive Board may wish to take note of the first extension of the country programmes for Guinea, Haiti, Mauritius, Moldova, Tunisia and the United Arab Emirates for a period of one year, from 1 January 2012 to 31 December 2012, as reported in Table 1.

The Executive Board may wish to approve the first two-year extensions of the country programmes for Croatia, Madagascar and Paraguay from 1 January 2012 to 31 December 2013, and a second one-year extension for of the country programme for South Africa, from 1 January 2012 to 31 December 2012, as presented in Table 2.

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Annex

Table 1. Extensions of country programmes approved by the Administrator since January 2011

Country	Original CCF period	Year(s) proposed for new extension	Reason and explanation		
			United Nations harmonization	In-country political development	Implementation and/or other issues
Guinea	2007-2011	2012		The United Nations country team and the Government of Guinea agreed to extend the United Nations Development Assistance Framework (UNDAF) for one year to fully align United Nations support with new national priorities emerging after the general election.	
Haiti	2009-2011	2012			The Government of Haiti requested an extension of its programme in order to allow for incorporation of its new priority areas after the general elections and the effects of the January 2010 earthquake.
Mauritius	2009-2011	2012	The Government of Mauritius requested an extension of its country programme to allow for an UNDAF process that considers options for Delivering as One.		
Moldova	2007-2011	2012	The Government of Moldova requested an extension of its country programme to harmonize cycles of National Development Strategy 2008-2011 with both the UNDAF and an agreement of association with the European Union.		
Tunisia	2007-2011	2012		The Government of Tunisia has requested an extension of the UNDP country programme for one year. This will provide sufficient time for UNDAF and country programme document preparations that consider the changed national priorities after the political transition.	
United Arab Emirates	2008-2011	2012			The Government of the United Arab Emirates and UNDP country office agreed to request an extension of the current programme for one year to allow for development of a new programme which would incorporate recommendations from the Assessment of Development Results to be conducted in 2011.

Table 2. Extensions of country programmes for which Executive Board approval is sought

Country	Years covered by original CCF	Year(s) covered by extension already approved	Year(s) proposed for new extension	Extension		Reason and explanation		
				2nd one-year	Two-year	United Nations harmonization	In-country political development	Other
Croatia	2007-2011	-	-	-	2012-2013			The Government of Croatia has requested an extension of its programme for two years to conclude important outcomes and support the country's transition to join the European Union.
Madagascar	2008-2011	-	-	-	2012-2013		The United Nations country team in Madagascar has requested an extension of its special development situation status to support the most vulnerable institutions and populations while a lasting political solution is being sought.	
Paraguay	2007-2011				2012-2013		The United Nations country team and the Government of Paraguay agreed to extend the UNDAF by two years, in order to fully align United Nations development support with national governmental planning cycles.	
South Africa	2007-2010	2011	2012	2012	-			The Government of the Republic of South Africa has requested a second one-year extension of the UNDP country programme to align with the UNDAF, which has been extended through 2012. This will allow for a full strategic repositioning of the partnership between South Africa and the United Nations system.

CCF = country cooperation framework

United Nations DP/2011/27

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
27 April 2011

Original: English

Annual session 2011
6 - 17 June 2011, New York
Item 6 of the provisional agenda
Country programmes and related matters

Midterm review of the UNDP Global Programme 2009-2013

Summary

The UNDP Global Programme was approved by the Executive Board in August 2008, initially for the period 2009-2011. The Executive Board decision (2008/32) to approve the Global Programme included a requirement for a midterm review to be submitted to the Board in 2010. The Global Programme was subsequently extended to 2013, consistent with the decision to extend the strategic plan (DP/2009/9). With the extension of the Global Programme to 2013, UNDP will present the findings of the midterm review to the Board at the annual session in 2011.

The Global Programme is the vital thread which weaves together the UNDP global network of development professionals to serve our partner countries and 135 country offices. The stated objective of the Global Programme remains to support programme countries in achieving internationally agreed development goals, including the Millennium Development Goals (MDGs), by applying global diagnosis and perspectives to development challenges and by catalysing development solutions, ensuring that critical knowledge is shared across and within regions. It was expected to promote a "virtuous cycle" of global networking that brings global knowledge to the country level and brings country realities to global attention.

Elements of a decision

Consistent with the findings of the midterm review of the strategic plan, the Executive Board is requested to acknowledge that a robust and well-resourced practice architecture that connects the country, regional and global levels is required for UNDP to be able to effectively support programme countries in development. The Executive Board is invited to recommend that the Global Programme remains aligned to the UNDP strategic plan. Going forward, the Global Programme should continue to build on the results achieved in the first half of Global Programme IV, informed by the thematic evaluations. This includes providing global policy leadership on inclusive, resilient and sustainable human development, advancing new standards for policy advisory services and increasing focus on multi-practices initiatives to enhance the integration of policy services so that they provide the joined-up support that partner countries need in tackling complex development challenges.

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Introduction

1. The Global Programme contributes to programme results through global-level interventions and is the framework for UNDP policy advisory services, the backbone of the UNDP practice architecture. The Programme is expected to produce institutional results by improving and fully implementing the practice architecture, and by contributing to cross-cutting development results in the areas of capacity development, gender equality and the empowerment of women, and South-South cooperation.

2. The practice architecture brings together the substantive areas of mandated UNDP work across global, regional and country levels. The objective is to develop, share and apply policy and programme options and the collective knowledge of the organization so as to achieve the specific key results indentified in the strategic plan. For these purposes, the Global Programme funds: global advisers located at Headquarters; the practice and thematic group leaders in each of the six regional service centres; and a number of personnel located at three global thematic centres of excellence.

3. This midterm review of the Global Programme is submitted to the Executive Board in response to decision 2008/32. A comprehensive midterm review was carried out from November 2010 to February 2011. Consistent with the recommendations from the evaluation of the third Global Cooperation Framework, the midterm review includes an assessment of UNDP compliance with the terms of the management response to the evaluation of the third global cooperation programme (DP/2008/45). The midterm review is meant to be forward looking and to identify the challenges and lessons learned, so as to promote continuous improvement of the Programme.

Context

4. The midterm review is taking place during a period of transition and continued evolution for UNDP. As defined in the midterm review of the strategic plan, also to be presented to the Executive Board at the annual session 2011, the organization must respond to a rapidly evolving development landscape. In parallel, the organization needs to accelerate work on those Millennium Development Goals on which progress has been slow, respond to rapid climate change and loss of biodiversity, strengthen institutions for peace and security, and leverage opportunities offered by new partnerships. Notwithstanding its modest resources to fund core substantive policy development, the Global Programme provides global policy leadership for the organization. This transition began with the strategic plan for 2008-2013. The plan recognized the need for: "refinement of internal institutional arrangements of UNDP to bring corporate and regional policy and advisory support closer to where they are needed on the ground, and to make those services more responsive to country programme needs. That will entail understanding the different contexts in which UNDP works, and tailoring its services (advocacy, policy and advisory, and technical support) to the specific needs of programme countries."

5. Following the approval of the strategic plan, UNDP embarked on a process of aligning Headquarters bureaux and regional support centres to ensure the effective and efficient achievement of development results at the country level. UNDP has carried out a number of assessments and evaluations aimed at identifying or implementing ways of enhancing alignment. The organization also launched strategic change initiatives to enhance the structure and functioning of the business model. These various assessments and initiatives are described briefly as follows:

(i) *Functional alignment of and implementation arrangements for regional service centres*, Office of the Administrator, May 2008. Commonly referred to as the regionalization policy, this initiative strengthened the practice architecture at the regional level. The definition of a practice was clarified as encompassing the entirety of UNDP experience, knowledge and expertise in a programmatic or management area.

(ii) *The evaluation of the third Global Cooperation Framework of UNDP*, published September 2008 (DP/2008/44).[1] The evaluation concluded, inter alia, that "the third global cooperation framework fell short in its strategic mission to underpin and integrate the practice architecture of UNDP." It recommended that "UNDP should develop improved corporate strategies and delivery mechanisms so that the new global programme can better support the achievement of results at the country level."

(iii) *The Gender Equality Strategy 2008-2013*. The results of a midterm review of the Gender Equality Strategy are being presented to the Executive Board in conjunction with the midterm review of the strategic plan in June 2011.

(iv) *The Knowledge-Management Strategy 2009-2011*. The on-going strategy aims to create "a human and technical infrastructure to enable staff and practitioners to learn, share, connect and contextualize knowledge by enhancing collaboration and creating a cultural change with regards to the organization's approach to knowledge management".

(v) *Midterm review of the programming arrangements, 2008-2011*, November 2009 (DP/2010/5). This Executive Board document clarified the distinction between programme and development-effectiveness activities and provided recommendations for cost classifications for specific activities. These recommendations included shifting the accounting for 52 policy advisers located outside Headquarters from the Global Programme budget to the development effectiveness line. The Board subsequently approved this recommendation. Prior to this decision the Programme was funded from line 1.3 of the programming arrangements, approved by the Executive Board in decision 2007/33. The resources allocated for the Programme are expected to equal 5 per cent of the total resources available for programming. The Global Programme midterm review does not conclude whether this allocation is sufficient for UNDP to provide global policy leadership in an increasingly complex development environment.

(vi) The midterm review of the Global Programme is also informed by the lessons learned and the management responses to the five thematic evaluations conducted by the Evaluation Office throughout 2010.

(vii) Finally, the midterm review of the Global Programme is informed by the series of informal discussions with the Executive Board on the midterm review of the UNDP strategic plan.

Approach and methodology

6. The Global Programme document acknowledges the importance of combining the "programme results" with a practice architecture or framework role. About 67 per cent of the annual budget of the Programme pays for advisers and another 23 per cent provides funding to facilitate their work. The balance provides partial support to the three thematic centres of excellence. As noted in DP/GP/2, the Global Programme is a mechanism for funding the backbone of the UNDP network of policy advisers, allowing the practice

[1] Between 1997 and 2007, three global cooperation frameworks have reflected corporate changes within UNDP. All were designed to contribute to the overall development efforts of UNDP. The fourth Global Programme (2009-2013) combines achieving programme results with a practice architecture or framework role. The midterm review will demonstrate how the two enrich one another.

architecture to deliver programme results by supporting the diagnosis of development problems and trends, the design of catalytic, innovative, context-specific development solutions, and promoting knowledge sharing for policy innovation.

7. This midterm review faces a number of constraints and limitations. First, the activities of Programme advisers are typically carried out in collaboration with other Headquarters or regional-centre personnel who are not funded by the Programme. Secondly, at both Headquarters and regional centres, practice leaders manage their teams regardless of how they are funded. Therefore, attribution of results exclusively to the programme is difficult. Similarly, Programme advisers often work on activities that may have seed money from the Programme, but major funding from other sources. In these cases it is also necessary but difficult to separate the leveraging contribution from the programme results on the ground. The midterm review will demonstrate results achieved as well as proposed improvements in the second half of the Global Programme.

Main findings: programme results

8. The reviewers' observations, accounts from interviews, review of the evaluations and the multi-year results reporting suggest that the Global Programme has registered some significant successes during its first two years, contributing to the efforts of UNDP to support the achievement of development results. In all practice areas there are sound examples of valued contributions to country-office performance and global policy leadership. There is also evidence, including from thematic evaluations, that shows UNDP to be an important global player in a number of its practice and service areas and a global policy leader on development policy. This section discusses some of the results achieved in the practices and thematic areas covered by the Programme and sets out a number of proposed improvements for the way forward.

Poverty eradication and achievement of internationally agreed development goals, including the Millennium Development Goals

9. As the midterm review of the strategic plan sets out, many recent evaluations show that for the last decade UNDP has advocated for the Millennium Declaration and the MDG agenda, helping to develop institutional capacities at the national and local level for MDG-based development strategies, monitor and report on progress, systematize and share experiences and multiply successes through learning, adaptation and application. UNDP has gone well beyond the role of "score-keeper" to actively working with partners on designing and implementing policies to accelerate MDG progress. The midterm review of the Global Programme highlights the instrumental role it plays in UNDP in advancing the MDG agenda at national, regional and international levels.

10. The outcome document of the MDG Summit at the General Assembly in September 2010 defined an ambitious and balanced action agenda for the next five years. The language of the document reflects a year of substantive, evidence-based efforts and outreach by UNDP to mobilize the international community on the MDGs. The Global Programme contributed by producing and co-producing four evidence-based documents used as core reference texts by negotiators: (i) the international assessment that identified the key drivers of MDG acceleration (ii) the MDG Synthesis Report, which brought together evidence of what works from 34 national reports and provided the evidence base for the International Assessment (iii) the MDG Acceleration Report, highlighting preliminary results from the rollout of a UNDG framework developed by the Global Programme to help accelerate MDG progress in ten pilot countries and (iv) the MDG Gap Task Force Report. With substantive leadership and coordination from the Global Programme, this effort fully

leveraged the UNDP practice architecture, drawing together contributions from country offices, regional bureaus and regional service centres.

11. To support countries in planning and prioritizing efforts to address lagging MDGs, the Global Programme coordinated a corporate effort to formulate an MDG Breakthrough Strategy. The MDG Acceleration Framework (MAF), noted above and developed by the Global Programme, lies at the heart of this strategy. With leadership from Global Programme policy advisers and their efforts to leverage the practice architecture, the MAF was piloted in ten countries prior to the MDG Summit and more recently in four Sahel countries (Burkina Faso, Chad, Mali and Niger). This framework is designed to help governments and their development partners to together identify the real bottlenecks to progress on lagging MDGs, identify and prioritize solutions and, with clear action plans, align resources and programme efforts to address them. This has now been endorsed by UNDG as a living document. It can help leverage a range of available development resources for MDG acceleration, which represents a catalytic policy/programme approach in action. It demonstrates the important role that the Global Programme plays in advancing UNDP efforts to galvanize — in partnership with national authorities, specialized agencies and development partners — multisectoral action across a range of MDGs and across countries of different typologies.

12. One strategic plan outcome involves enhancing the national capacities of developing countries to become integrated into the global economic system and to compete internationally, and to advance the inclusive growth agenda. UNDP has supported trade capacity development interventions in 40 LDCs through the management of the Integrated Framework Trust Fund from 2001 to 2010 and advisory policy services supported by the Global Programme, including in the realization of diagnostic studies such as those carried out in Kiribati, Samoa, Tuvalu and Nepal, led by UNDP. A revamped version of this, the Enhanced Integrated Framework Programme, a $250 million fund to address trade-related constraints, became operational in July 2009. Policy advisory support provided by the Global Programme, contributed to 25 LDCs gaining information and developing proposals to access technical and financial support from this initiative. Policy advisory services supported by the Global Programme was provided to Barbados, Fiji and the Maldives country offices on debt issues and reports produced in this area.

13. A major platform for UNDP is the International Policy Centre for Inclusive Growth (IPC-IG), a thematic centre of excellence, based in Brazil. With the support of the Global Programme and the Government of Brazil, the IPC-IG has positioned itself as a global centre for policy dialogue and learning on poverty reduction and inclusive growth for the Global South. The centre provides research-based policy recommendations to UNDP country offices and development partners through nine regular publication series. The Centre has established networks of over 30,000 development practitioners in 189 countries, covering more than 1,500 collaborative institutions. It has also undertaken initiatives to promote South-South policy dialogue, promoting a policy agenda on inclusive growth and sustainable development and establishing new partnerships for innovation. The IPC-IG has been tasked by other groupings, including the BRIC, the commonwealth and the SIDS to provide policy inputs for their substantive deliberative processes. The IPC-IG hosted the policy dialogue/academic forum for the IBSA trilateral process at the last summit. In the wake of the global financial and economic crisis, the IPC-IG facilitated cross-regional exchanges between Brazil and India on conditional cash transfers and employment schemes.

Proposed improvements for the way forward

14. In an effort to streamline the final years of the MDG period, the Global Programme will continue to play its role in implementing the UNDP MDG Breakthrough Strategy to accelerate and sustain MDG progress. This will include focusing in on three areas of intervention proven to have multiple impact across MDGs: investing in women and girls, expanding access to energy and enhancing local governance and local development. The Global Programme will continue to facilitate and provide quality control and oversight of the roll-out of the MAF, support its integration into UNDAFs, and provide timely development policy services as requested to support the implementation of the resulting action plans in programme countries.

15. The recent evaluation of the poverty-environment nexus found that in many cases UNDP has encouraged greater attention to poverty-environment linkages, and that the "Poverty-Environment Initiative is playing a unique catalytic role in integrating poverty reduction and environmental objectives in country." However it also notes that policy is not yet systematically translated into practice. To address this, the Global Programme will increasingly work across multiple practices to strengthen policy advisory services around the poverty-environment nexus. The Global Programme will lead in the development of the inclusive growth agenda for UNDP and, in the context of cooperation with the G20, advance the social protection agenda. Movement towards an increased focus on multi-practice teams by the Global Programme is noted in the concluding section of this midterm review.

Mitigating the impact of HIV/AIDS, tuberculosis and malaria on human development

16. Various evaluation reports assess the UNDP work on HIV positively. Evidence from 15 evaluations including 12 country Assessments of Development Results (ADRs) from four regions highlights how UNDP has: helped countries strengthen their capacity to respond to HIV; created enabling legal environments and promoted gender equality; enhanced local-level implementation and civil society engagement; and improving national planning. These evaluations recognize the UNDP role in building resilience by supporting the development of the capacities of national partners and institutions to respond to HIV. The evaluations recognize the UNDP contribution to protecting the rights of people affected by HIV and increasing attention to marginalized and most at-risk populations. This has been done, for example, by supporting efforts to create a positive legal environment. The evaluations also recognize the support UNDP has provided to the implementation of district and community-level responses to HIV. They have found that the establishment and strengthening of the networks of civil society organizations have been among the most important outcomes of UNDP support. Global Programme advisers in regional centres have been instrumental in achieving these results.

17. At the global level, the Global Programme developed and launched the *Global Commission on HIV and the Law*. It is expected to produce recommendations to help countries craft more robust HIV responses to inequalities, prejudices and stigma. The 14-member Commission is chaired by former President Henrique Cardoso of Brazil. A Technical Advisory Group of 22 members with expertise in a broad range of legal and human rights issues supports the Commission. The Commission will, over a period of eighteen months, examine the diverse ways in which the law has helped or hindered the effectiveness of efforts to provide HIV prevention, treatment, care and support.

Proposed improvements for the way forward

18. Recognizing the value of linking action on HIV and broader development efforts, the Global Programme will prioritize cross-thematic policy advisory services that address HIV together with key priorities such as advancing gender equality, economic empowerment and access to justice. The Global Programme will also leverage successful HIV work in support of broader MDG objectives, including drawing on experience in support of large-scale implementation, capacity development and governance initiatives to accelerate MDG progress.

Democratic governance

19. The Global Programme has contributed considerably to the strengthening and consolidation of the democratic governance practice architecture, particularly throughout 2010 as advisory services and support to country offices have increasingly been coordinated around a cluster approach, in alignment with the strategic plan. This approach highlights the importance of democratic governance: to achieving the Millennium Development Goals, to managing and preventing conflict, and to addressing climate change.[2]

20. Within the field of democratic governance, support for country-level activities in the fields of public administration and local governance continues to be the single largest area in terms of expenditure. UNDP advisory teams from both policy bureaus, in collaboration with other United Nations agencies, have supported a lessons-learned review of public administration and local governance in post-conflict environments. Other multi-practice policy advisory work includes tools to support the analysis of governance bottlenecks and of challenges for the achievement of the Millennium Development Goals. A cross-practice initiative on gender equality and women's empowerment in public administrations was designed and initiated to advance gender equality.

21. Consistent with the management response to the 2010 evaluation of the UNDP contribution to strengthening local governance, UNDP will develop a strategy note on local governance, with a particular focus on gender. A cross-practice task force has already been launched with BCPR, the United Nations Capital Development Fund and the United Nations Volunteers. The goal is to develop an integrated framework on local governance and local development, to guide future UNDP programming. That initiative also takes into account the proposal made in the recent independent report on Civilian Capacity in the Aftermath of Conflict (A/65/747-S/2011/85), which proposes that UNDP take the lead on the cluster "core government functionalities".

22. The ratification of the United Nations Convention against Corruption (UNCAC) has also resulted in a surge in UNDP work in this area. Towards the end of 2008, the democratic governance practice produced a guidance note on corruption and development, published a practice note, "Mainstreaming Anti-Corruption", and launched the Global Thematic Programme on Anti-Corruption for Development Effectiveness (PACDE). In the past two years, anti-corruption activities have expanded dramatically through policy advisory services, facilitating South-South and interregional learning and setting global standards. In 2009 alone, a total of 103 countries benefitted from UNDP technical support to strengthen national capacities to fight corruption. Through its e-governance and access to

[2] The democratic governance clusters are categorized as (1) the inclusive participation cluster, (2) responsive institutions cluster and (3) the international principles cluster.

information initiatives, the Global Programme advances the strategic use of information and communications technology (ICT). The increasing catalytic role of this technology and of social media to advance the governance agenda is being recognized. To this end, Global Programme advisory support is also focusing on supporting the use of mobile technology in public service delivery, health care and pro-poor banking.

23. The Global Programme continues to support the UNDP human rights portfolio, which extends beyond the organization, enabling a combination of programme and policy advice, knowledge sharing and global policy leadership to respond to country level demand. The global Human Rights Community of Practice meeting, held in October 2009 and coordinated by the Global Programme set out the UNDP value-added in supporting international human rights mechanisms and national human rights systems. With policy leadership from the Global Programme, UNDP supported Governments, National Human Rights Institutions and other stakeholders in the preparation of the Universal Periodic Review (UPR) process, during the review as well as with regard to follow up to the recommendations of the Human Rights Council. The regional meetings, for West Africa, Southern and Eastern Africa also aimed at better equipping United Nations country teams (UNCTs) with the tools and knowledge to meaningfully assist Member States in the country led UPR processes. At the inter-agency level, UNDP assumed the role of Co-Chair of the newly formed UNDG-Human Rights Mainstreaming Mechanism, designed to promote a coordinated approach to mainstreaming human rights and strengthening national human rights systems. The Global Programme facilitates the UNDP policy leadership in this role, allowing UNDP to continued to mainstream human rights into policies and programming processes.

24. The global programme on Accelerating Access to Justice for Human Development began in 2010. UNDP is seeing increased cross-practice work in the area of justice. For instance, the Access to Justice Programme is working increasingly with the rule of law programme. Achievements have included: developing tools to assess baselines for justice reform strategies; supporting partner countries' research on balancing bottom-up and top-down approaches; empirical studies and related dialogues on engaging with pluralistic justice systems; facilitating global, regional and local dialogues and networks to enhance the delivery of justice; and empowering citizens through legal aid and legal-awareness campaigns, with particular emphasis on women's legal empowerment. The Legal Empowerment of the Poor initiative, which is mainstreamed into and complements the work on access to justice, increased its support to global, regional and country initiatives to ensure that key government stakeholders are equipped to undertake legal and institutional reforms in this field.

25. The UNDP parliamentary portfolio, facilitated by the Global Programme, is global and acts local — the organization supports 69 parliaments round the world. It has achieved this through providing policy advisory services, helping to ensure the substantive coherence of the global portfolio and contributing to setting international parliamentary standards. Major outputs since 2009 include the creation of AGORA, the portal for parliamentary development (www.agora-parl.org) and global parliamentary development community of practice. AGORA is designed to strengthen support to national parliamentary working groups, advance parliamentary-civil-society collaboration, and enhance women's participation and representation in parliaments around the world. In collaboration with UNODC, technical support was provided to the Global Organization of Parliamentarians against Corruption (GOPAC) in advising MPs on their role in the implementation of the UNCAC. A methodology has been finalized on building the capacity of a parliament to

respond to and manage crisis through a dedicated self-assessment tool that has been shared with regional parliamentary groups in the Arab States region, Central America and West Africa and piloted in two countries in West Africa.

26. The Oslo Governance Centre, a thematic centre of excellence, is supported by the Global Programme and the Government of Norway. Following the forward-looking assessment and decisions by senior management in 2008 and 2009, the Centre, has focused particularly on governance assessments as well as on analysis and learning related to Democratic Governance Thematic Trust Fund projects. Through the Centre's global assessment programme, UNDP has provided financial and advisory support for country-led assessments in 20 countries in all regions. The lessons of this experience have been synthesized in a practice note prepared in 2009. In addition, as part of the analysis and learning work stream, the Centre has developed a guidance note on social accountability. The Centre has also been developing tools and conducting training to support UNDP country offices. This work has included political economy analyses.

Box 1: Global Programme outcome: electoral cycle approach strengthened

In 2009, almost 40 country offices were designing, implementing or evaluating electoral programmes, many of which benefitted from policy advisory services provided by the Global Programme. UNDP provided electoral assistance to 60 country offices in 2010. As a result of this support to country-level programming, and advocacy of the electoral cycle approach, more than 50 per cent of country offices are using the electoral cycle approach in programming. To support this effort, the three-year, $50 million Global Programme for Electoral Cycle Support (GPECS) was launched in 2009 to help countries improve their electoral laws, processes and institutions and to enhance the participation of women in electoral processes. In 2010, UNDP rebuilt its elections practice architecture through the GPECS by placing 11 electoral advisers in the regional centres at Dakar, Johannesburg and Bangkok, as well as in New York, Copenhagen and Brussels. UNDP and the United Nations Department of Political Affairs (DPA) signed a revised note of guidance on electoral assistance. UNDP sought to develop knowledge and good practices in the field of women's political participation and elections, for example, by partnering with the National Democratic Institute to develop "Best Practices Guidebook for Political Parties to Promote Women's Political Participation" — the first global handbook on how political parties can promote women's political participation

Proposed improvements for the way forward

27. The global economic crisis reinforced the importance of fair and transparent regulatory frameworks with responsive institutions to oversee them. Similarly, the crisis in the Arab States region in late 2010 and early 2011 put the spotlight on governance. As the only United Nations agency with a specific mandate to support governance, both examples highlight the need for greater emphasis within UNDP on upstream policy work. The Global Programme will therefore increasingly help ensure that country offices have effective analytical and programming tools and will pay particular attention to improving knowledge capture and flow, especially South-South knowledge.

28. As noted in the midterm review of the strategic plan, the impact of UNDP democratic governance work would benefit from increased synergies across programme areas, practices and regions. While some advances have been made in this area they must be significantly enhanced. This is particularly the case for local governance and local

development, identified as a key area for multiplying progress on the MDGs. The Global Programme has now identified a multi-practice team to address this concern. A toolkit will be developed and piloted to strengthen the capacity of national partners in this area.

Environment and sustainable development

29. As set out in the midterm review of the strategic plan, sustainability is embedded in the very notion of human development. The Global Programme anchors UNDP engagement in international environmental governance matters, including the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme), UN-Water, UN-Energy, United Nations Secretary General's High-level Panel on Climate Change, the Poverty-Environment Partnership, and the various global environmental conventions. The importance of this work has come into even sharper focus as the on-going climate negotiations endeavour to define the post-2012 framework for climate change, and as the world prepares for the Rio+20 conference in 2012. UNDP is in a unique position in this area and will need to increasingly harmonize its policy advisory support in the areas of poverty reduction and environmental sustainability to realize its potential and help advance truly inclusive, resilient and sustainable human development. In this evolving context, the Global Programme provides the platform for UNDP global advocacy around the crucial nexus between poverty, gender, climate change and the environment, as well as in-depth policy leadership and credibility in each of these areas.

30. The Global Programme also enables UNDP to bring to bear its experience and credibility from supporting the implementation on-the-ground of programmes and projects of more than $250 million a year as a GEF Implementing Agency. The sheer volume of resources that UNDP mediates in the environment and energy area enables the organization to be an important global player and a major source of support for developing countries. Significant Global Programme advisory capacity is deployed towards supporting national counterparts in developing projects for funding from GEF and an increasingly wide range of other sources. This is especially true of Global Programme capacity in regional centres, which ensures the coherent functioning of the practice architecture across the four EEG key results areas: environmental finance and markets, climate change adaptation and mitigation, local level response and environmental mainstreaming, as well as the gender mainstreaming of this work.

31. With the support of the Global Programme, major initiatives were carried out in environment and sustainable development. In the area of climate change, UNDP, in partnership with the United Nations Industrial Development Organization, the United Nations Children's Fund and the World Food Programme, launched a $92 million programme, "Supporting Integrated and Comprehensive Approaches to Climate Change Adaptation," funded by the Government of Japan. The national component of the project is helping 20 African countries to incorporate climate change risks and opportunities into national development processes.

32. Policy leadership and strategic outreach from the Global Programme led to the creation UN-REDD, which was established as a collaborative partnership between UNDP, UNEP and FAO in 2008. UN-REDD supports countries in managing their REDD processes, facilitates access to financial and technical assistance tailored to the specific needs of the countries, and supports the development of normative solutions and standardized approaches based on sound science and linked with the United Nations

Framework Convention on Climate Change (UNFCCC). Today, UN-REDD has 29 partner countries spanning Africa, Asia-Pacific and Latin America, of which 12 are receiving support to national programme activities. To-date, the UN-REDD Programme's Policy Board has approved a total of $51.4 million for its nine initial pilot countries and three new countries (Cambodia, the Philippines and Solomon Islands). This is an illustration of how the Global Programme offers global policy leadership while catalyzing finance for development through innovative means.

33. The Global Programme plays a critical role in advancing global policy standards. This was evident at through its support to the Tenth Conference of the Parties (COP) to the Convention on Biological Diversity (CBD), Nagoya, 2010. With leadership from the Global Programme, and as was captured in the outcome document, UNDP messaging was instr mental in transforming governments' understanding of the inextricable relationship between biodiversity and ecosystems and human development at the COP. In additional to driving corporate advocacy efforts ahead of the COP, the Global Programme facilitated two full days of sessions at the Ecosystems and Climate Change Pavilion, hosted or participated in 10 side events on protected areas and launched publications on Biodiversity for Development, including Financial Sustainability of Protected Areas in Latin America and the Caribbean.

34. On access to energy, the Global Programme oriented UNDP programming at the regional and country levels and produced clear, quantifiable results in shaping the policy discourse on energy and catalysing finance to expand access to energy for the poor. The Global Programme-financed Sustainable Energy initiative played a pivotal role in strengthening and expanding energy access as a priority in UNDP regional programming for Africa, Asia and Latin America, and in more than 30 UNDP country operations. The Africa's Regional Programme on Energy for Sustainable Development, drafted and oriented with direct support by the Global Programme, has helped west and east African countries to develop and adopt Regional Energy Access Policies and integrate energy access into PRSPs. It has catalysed approximately $100 million dollars to-date for 2,000 Multifunctional Platform (MFPs) operations at local levels in West Africa. The MFPs are collectively providing 2.5 million rural poor women and their families with access to modern mechanical power for agro-processing, generating income and green jobs through biofuels development and freeing-up girls' time for schooling. UNDP leads UN-Energy's Energy Access Cluster and carries the Vice Chair of the UN-Energy.

35. With respect to mainstreaming environmental issues, the recent thematic evaluation of the UNDP contribution to environmental management for poverty reduction noted that the Poverty Environment Initiative (PEI) within UNDP "represents good practice and should be scaled up to provide a model of how UNDP does business at the country level. It should also be used as a model for working together with UNEP and other agencies." The Global Programme leverages the PEI and responds to request of support from country offices on mainstreaming environmental issues into Poverty Reduction and National Development Strategies. For example, Global Programme advisory services provided to Burundi in 2010 helped the country office and national partners infuse their PRSP II with poverty and environment perspectives, providing a platform for a more sustainable approach to development and strengthening the capacity of the country office in this area.

Proposed improvements for the way forward

36. With the increasing threat of climate change to development gains, the loss of ecosystems, the accumulation of hazardous waste and the lack of access to energy,

countries are seeking a new approach to sustainable development. This will become increasingly central to global policy discourse ahead of the next global conference of the UNFCCC, to be held in South Africa in 2011, and the Rio+20 conference set for 2012. This is also an opportunity for UNDP, with policy direction from the Global Programme, to advance cross-practice and cross-sector work on inclusive, resilient and sustainable human development approaches. This means building on lessons learned, collating and sharing knowledge and developing integrated policy advice and programmes that can support action to both protect environmental services and reduce poverty.

37. A multi-practice task force on the "Road to Rio" has been established to this end. It is tasked with providing forward-looking policy recommendations on sustainability, identifying and sharing best practice on mainstreaming the poverty and environment linkages into country-level activities, and advancing recommendations for UNDP to advance the sustainability agenda. The objective is for Global Programme advisory services to be increasingly nimble and responsive in leveraging ideas and knowledge across the practice architecture to respond to — and help set the direction of — an evolving development context.

Main findings: institutional results and cross-cutting issues

Knowledge Management

38. Capturing, codifying and sharing development information are at the centre of how UNDP operates as a knowledge-based organization. The UNDP Knowledge Assessment Report finalized in September 2010 recognized the organization's "unwavering commitment" to knowledge management, and noted important steps taken to deliver on this commitment, including the development of a "next generation" knowledge management strategy for the organization. It is supported by Global Programme through the practice architecture and anchored in the platform Teamworks.

39. The UNDP Management Response to the evaluation of the previous Global Programme, committed UNDP to strengthen corporate strategies and delivery mechanisms. Crucial to ensure UNDP is a truly knowledge-oriented organization will be the quality, reliability and accessibility of quality policy advisory services available when needed to staff and partners. New standards were established for Global Programme policy advisory services so that staff and partners regardless of where they are located have a clear understanding of what information is available, how reliable or "corporate" that information is and how to access it and the advisory team that produces it in a predictable and reliable way, and how to influence it so that the organization is continuously learning from experience on the ground. The Service Delivery Model captures these new standards and is being rolled out for all Global Programme Advisory services, with different thematic areas at different stages of progress (elections, for example, is well advanced). The entry point for all staff to access this information will be the platform Teamworks, where a service space is being developed for each service line.

40. The Teamworks extranet is the next generation networking and collaboration platform. Teamworks has the capacity to help UNDP to overcome the knowledge exchange barriers that can separate country, regional and global networks, internal and external. The Teamworks prototype began testing in May 2009. The operational version of Teamworks was officially rolled out on November 2010. All 8,500 UNDP staff members are now enrolled as Teamworks users, and more than 6,000 of these are active users viewing more than 10,000 pages a day. In addition, more than 1,000 staff members of other United

Nations agencies, UNDP project personnel and consultants have joined Teamworks. The introduction of Teamworks can be seen a shift from the vertical knowledge management model (collect – codify – disseminate) to a horizontal collaboration model (connect – share – collaborate).

41. Evaluations of recent years have systematically called for UNDP to capture what is knows and communicating it more clearly. This was the impetus behind a process to establish, design and roll-out corporate knowledge and communication templates for all advisory services offered by the Global Programme and the thematic areas it supports, as well as on crisis prevention and recovery. This forms part of the corporate quality assurance process for knowledge products. A list of templates of corporate products based on an understanding of country office needs was approved by the UNDP Operations Group in 2008. In 2009, this list was translated into concrete corporate templates accessible to through an online guide launched in 2010. It is designed to help UNDP — particularly in relation to the advisory services provided by the Global Programme — to create strategic, cost-effective, consistent and high-quality knowledge and advocacy products for each of the core issues UNDP focuses on with clear corporate branding.

Proposals for the way forward

42. Going forward, increased emphasis and support is required to systematically support the roll out of the service delivery model, particularly in relation to the soft skills, culture change and business processes required for it to be embedded as the gold standard for Global Programme advisory services. The MCT was engaged late 2010 to help facilitate this process. Additional support will be required to help users understand and maximize the added value of the Teamworks platform. A training series is currently being piloted to this end. Additional focus will also be required on the implementation of the quality assurance process for all knowledge products, including adherence to the new corporate knowledge and communications templates.

Gender

43. The overall UNDP approach to gender is to implement the Gender Equality Strategy through two main functions: (1) support integration of gender equality in each UNDP focus area through policy research, policy advice, advocacy, piloting new approaches, development of knowledge products and partnerships; and (2) develop UNDP institutional capacity to support national partners through organizational policy setting, establishment and management of accountability mechanisms, and internal capacity building.

44. Through cross-practice collaboration, Global Programme policy advisers led innovative research and policy development to advance women's legal rights and respond to — and ultimately eradicate — gender-based violence. The Global Programme collated and codified a new knowledge set on financing for gender equality in post-conflict contexts to advance understanding of practitioners and decision-makers in this area. "The Price of Peace: Financing for Gender Equality in Post-Conflict Recovery and Reconstruction" synthesized the findings of four case studies (Kosovo, Sierra Leone, Southern Sudan and Timor-Leste) examining how resources were mobilized, allocated and spent and how they can be better spent to achieve gender equality.

45. In cross-practice gender-crisis prevention and recovery work, Global Programme advisory services contributed significantly to the Secretary General's Report on Women's Participation in Peacebuilding, which increased global recognition that gender equality, women's empowerment and women's participation in all aspects of peacebuilding are

fundamental to lasting peace. In addressing the nexus between gender equality, poverty reduction and the achievement of the MDGs, UNDP has developed a global Gender and Economic Policy Management Initiative (GEPMI) with the support of the Global Programme. Evidence of the impact of UNDP policy guidance on integrating gender equality principles into climate change was evident in the Cancun Agreement, which has now created entry points to gender mainstream climate change finance mechanisms. Technical support to mainstream gender equality into national adaptation programmes was provided to 20 countries, 7 of which have highlighted gender equality as a national adaptation priority.

Proposed improvements for the way forward

46. Going forward, the Global Programme will support UNDP in advancing the relationship with the UN-Women. A close partnership is already being developed and will need to be further advanced. In this context, the Global Programme will also advance policy guidance with UN-Women on how best to leverage investing in women and girls as a means of accelerating MDG progress in the immediate years ahead.

Capacity Development

47. UNDP is a recognized global leader in capacity development. As such, UNDP has spearheaded a transformation in the way capacity development is delivered – from a model that was supply-driven, input-based and focused on technical assistance to one that is demand-driven, results-oriented and builds on national capacities and ownership.

48. The Global Programme facilitates policy advice to country-level institutional responses focused on strengthening national ownership and mutual accountability mechanisms. To improve transparency and accountability of aid information, UNDP is continuing its support for the International Aid Transparency Initiative (IATI), as a member of its Steering Committee and Secretariat in charge of partner country outreach and through support to developing country governments. Targeted advice and support to aid management needs to countries in post-conflict and fragile settings, such as Haiti, Pakistan, Iraq, Guinea-Bissau and others is provided by the Global Programme.

49. The Global Programme facilitated South-South cooperation and peer learning to bridge the work of the OECD DAC South-South Cooperation Task Force and the DCF — particularly in preparation of the High Level Event on South-South Cooperation and Capacity Development in Bogota in March 2010. With leadership from the Global Programme, UNDP was part of the organising team for this event and co-organized with Mexico a round-table discussion on information systems and regional platforms. To strengthen South-South cooperation, the Global Programme also provided capacity development support to emerging development assistance providers, in particular the Turkish International Cooperation and Development Agency (TIKA) and the Russian agency *Rossotrudnichestvo* and the Colombian *Agencia Presidencial para la Acción Social y la Cooperación Internacional.*

Proposed improvements for the way forward

50. The 2010 evaluation of the UNDP contributions to capacity development provides affirmation of the UNDP investment in and attention to this area. It notes that UNDP has been "highly responsive" to national demand, but challenges the organization to be more

strategic in the way it engages with partners on capacity development priorities and approaches to strengthen internal programming and learning. The Global Programme has a critical role to play in responding to these recommendations including, going forward, supporting the organization's review of programming approaches to capacity development support.

Conclusions

51. **The practice architecture is working.** Global Programme advisory services are positioning the organization on important global issues within UNDP mandated areas. In addition to providing global leadership and subject specific expertise, the Global Programme supports policy development, contributes to building partnerships, and to raising awareness and developing programmes, which often leverage additional funding for country programmes. In most regions and across focus areas, Global Programme staff is responsible for the *substantive* management of a range of programmes funded from different sources, including some regional initiatives and key initiatives resulting from donor cost-sharing.

52. **Global Programme advisory services provide critical support to UNDP work at the country level.** The independent thematic evaluation, "UNDP contribution at the regional level to development and corporate results," reported that country offices rated the technical support provided by regional service centres as quite high overall. The policy advisory services provided through the Global Programme, including via Practice Leaders in regional service centres, are noted for three reasons. First, their domain competence elicits the professional respect of colleagues across the spectrum of specializations. Secondly, they provide the horizontal (interregional) linkages on policy and practice for UNDP as well as the vertical linkages with country offices and with headquarters. Thirdly, discretionary funding from the practices strengthens their leadership role on the ground.

53. **The Global Programme facilitates the UNDP policy leadership role on critical interregional and global issues.** The Global Programme has supported significant contributions to global events demonstrating UNDP advocacy around and leadership role in the development of consensus on policies and actions in regard to, for example, the achievement of the MDGs and the 2010 Conference of Parties to the Convention on Biological Diversity.

54. **The Global Programme is a vehicle for the deployment of policy advisers that contributes to development effectiveness results.** The policy advisory services are integral to the functioning of the Practice architecture. The main work of the Global Programme is the provision of advisory services and programme support to country offices. The Executive Board decisions on the conceptualization of development effectiveness and the culmination of the harmonized integrated budget discussion, will include the previously agreed transfer of regional advisers from the Global Programme to the development effectiveness cost classification category should recognize the critical importance of the Global Programme's contribution to country programmes.

55. **Largely through the efforts of the Global Programme, UNDP has mobilized substantial cost sharing resources for global projects in various thematic areas.** These resources enable UNDP to expand its outreach and impact. There are also disadvantages, as policy advisers may be diverted to project management work and substantive work may be driven by new funding. The combination of domain expertise and additional resources is

highly valued. However, the core rationale for the Global Programme lies in its domain expertise rather than the additional resources it mobilizes.

Going forward

56. **The Global Programme should continue to provide the foundation for the practice architecture:** The midterm review of the strategic plan reaffirms the organization's commitment to accelerate progress towards the MDGs and advance inclusive, resilient and sustainable human development. To succeed, a well-resourced and invigorated practice architecture that is able to deliver on the reaffirmed vision of UNDP is required. With policy advisory support closer to clients, there is evidence of more cross-practice and innovative results achieved at the regional level. Efforts to bring policy advice closer to country offices should continue, with emphasis on leveraging the practice architecture and the knowledge management systems for interregional lesson learning and programmatic collaboration. The regional service centres anchor a strong practice architecture with knowledge management systems capable of sharing best practices across the organization and regions like never before. Knowledge-management practice leaders were deployed to all regional centres, responsible for accelerating intra and inter-regional knowledge sharing.

57. **The Global Programme should increasingly focus on knowledge sharing and management.** The UNDP investment in this area and related technologies is beginning to pay dividends, with more opportunities expected to come to fruition in the next biennium. Increased emphasis and support is required to systematically support the roll out the service delivery model, particularly in relation to the soft-skills and culture change required for it to be embedded as the gold standard for Global Programme advisory services. Teamworks has "opened the market" for the request and delivery of policy advisory services and has connected the organization horizontally in a peer-to-peer fashion. A combination of a new, more streamlined approach to policy advisory services and this advanced technology to connect staff across the organization has the potential to strengthen position of UNDP as the leading development knowledge organization, decrease delivery costs and improve the quality of services provided.

58. **Policy advisory services must be increasingly "multi-practice", real-time, and able to leverage the best international practices from across regions.** UNDP is well-positioned to provide world-class policy advisory services, calibrated to respond to increasingly complex development challenges, which demand innovative solutions. This type of support was evident in the wake of seismic shift in democratic space in the Arab States region, where the Global Programme ensured timely expert support as part of a coordinated UNDP effort. As captured in the recent thematic evaluations and as indicated in the proposal for the way forward under each practice above, it is crucial that the Global Programme moves swiftly to increasingly support work across multiple practices to respond to multidimensional development challenge. This includes accelerating and sustaining progress towards the MDGs, preparing for the Rio+20 Summit on sustainable development and advancing the local development and local governance agenda.

59. **The Global Programme should learn from and build on results achieved in the first half of GP IV.** The analytical and empirical evidence tabled in advance of and during the MDG Summit; the partnership, advocacy and communication critical for the success of the Nagoya COP on Biodiversity; the innovation that led to the creation of UN-REDD: each is evidence of the Global Programme's policy breadth and depth and its ability to

deliver cutting-edge policy advisory services. The Global Programme should learn from and build on such successes to strengthen its contribution to UNDP development results.

60. **The Results Oriented Annual Report (ROAR) should be revisited as the primary means of recording results of the Global Programme.** The ROAR's focus on overall development results means that the significant contributions of the Global Programme advisers are not captured. Indeed there is no system in place to judge the full extent, quality and value of the contribution of policy advisers. A mechanism should be put in place for data collection and reporting on the results produced by Global Programme advisers to address this and avoid over-reliance on anecdotal information. This would help to improve attribution of results, enhance accountability, and further enable the robust validation of the Global Programme.

DP/2011/28

United Nations

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
7 April 2011

Original: English

Annual session 2011
6 June to 17 June 2011, New York
Item 7 of the provisional agenda
United Nations Capital Development Fund

Report on results achieved by the United Nations Capital Development Fund in 2010

Summary

The United Nations Capital Development Fund (UNCDF) works to reduce poverty in the least developed countries by increasing access to microfinance and strengthening local investment. The present annual report details the programme, management and financial performance of UNCDF in 2010.

UNCDF provided support to 37 of the 48 least developed countries in 2010, with a particular focus on post-crisis countries. Local development programmes accounted for 66 per cent of programme delivery; microfinance programmes for 34 per cent. The majority of programme resources went to Africa, followed by the Asia-Pacific region.

The 2010 programme targets were largely met in both practice areas. An enhanced programme of evaluations during the course of the year confirmed the overall effectiveness of UNCDF work in local development and microfinance, and pointed to areas in need of strengthening.

Project 2010, an internal strengthening process started in 2008, was completed, with 82 per cent of the recommendations of a 2009 audit fully implemented. Total contributions to UNCDF increased from $36.2 in 2009 to $42.3 million in 2010. There was a decrease in core funding and an increase in other resources, and an overall greater diversity of funding sources. Programme expenditures for 2010 totalled $43.9 million, up from $41.5 million in 2009.

UNCDF will seek to increase the effectiveness of its support to the least developed countries in 2011 and beyond, by developing new products, building new strategic partnerships and continuing to improve its performance.

11-29370 (E) 200411

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I. Introduction

1. UNCDF creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF programmes help to empower women. The programmes are designed to catalyze larger capital flows from the private sector, national governments and development partners, with the objective of providing maximal support for the achievement of the Millennium Development Goals.

2. UNCDF programmes are designed to reduce extreme poverty and hunger (Millennium Development Goal 1) and to promote gender equality (Millennium Development Goal 3). In 2010 UNCDF provided support for microfinance and local investment in least developed countries (LDCs) throughout Africa and Asia, as well as in the Arab States and Haiti. (Haiti is the only least developed country in the Western Hemisphere). Local development programmes accounted for 66 per cent of 2010 programme delivery and microfinance for 34 per cent. Overall, 58 per cent of the programme delivery of UNCDP was in Africa, 35 per cent in Asia, and 7 per cent in the Arab States and Haiti.

3. Overall, 2010 proved a solid year for UNCDF. Despite a difficult external environment — donor countries facing severe fiscal constraints, least developed countries grappling with new and growing challenges – UNDCF managed to increase its overall resource base and to develop new interventions in response to country-level demand from least developed countries.

4. Highlights of 2010 included a Special Projects Implementation Review Exercise (SPIRE), under which UNCDF commissioned nine full evaluations in 2010, compared with two evaluations and several case studies in 2009. The objective was to develop a more robust evidence base regarding "what works". Findings to date have validated the UNCDF approaches to both local development and microfinance. They have also pointed to areas in need of strengthening, which UNCDF intends to address.

5. Another highlight of 2010 was stepped up UNCDF efforts in the fields of global advocacy and knowledge sharing. UNCDF and UNDP convened the Global Forum on Local Development in Kampala, Uganda, in October. In addition, UNCDF launched several new publications, and, with the support of UNCDF, the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, Her Royal Highness Princess Máxima of the Netherlands, engaged in a full range of activities around the world.

6. On the management side, 2010 saw the completion of the UNCDF Project 2010, a process of internal strengthening initiated in 2008. The project included the implementation of 22 far-reaching recommendations from an audit carried out in 2009. A follow-up audit conducted in October 2010 found that UNCDF had made "substantial" progress, achieving an overall implementation rate of 82 per cent. The follow-up audit made one new recommendation.

7. The financial results for 2010 show a reduction in core contributions because of a substantial cut by a major donor faced with fiscal constraints. All other donors maintained their contributions at 2009 levels despite a challenging financial environment. One donor (Austria) was able to increase its core contribution, and one new donor (United States of America) began contributing to core resources. Non-core income continued to rise with strong diversification and support from entirely new partners such as The MasterCard Foundation.

8. The present annual report documents the UNCDF programmatic, managerial and financial performance in 2010.

II. Programme results

A. Performance analysis: local development

9. Public investment is inadequate and inefficient in many least developed countries, especially in rural areas where most poor people still live. UNCDF works to ensure that local capital investment — in schools, irrigation schemes roads, water supply — is sustainable, and responds to the needs of poor communities. The UNCDF approach at the local level helps to advance almost all of the Millennium Development Goals, and achieves increasing impact as it is replicated and brought to scale by larger development partners and national governments.

10. UNCDF local development programmes strive to (i) improve the capacity of local governments to plan, allocate and manage resources; and (ii) ensure that lessons learned at the local level are fed into national policies and can be replicated at scale. In 2010, UNCDF pursued local development programmes in 30 least developed countries: 19 in Africa; 7 in Asia and the Pacific; 3 in the Arab States; and 1 in the Caribbean. These included fragile countries just emerging from armed conflict, through to stable countries with gradually maturing local governance systems.

11. Local development programmes in Eritrea, Sierra Leone, Rwanda, Burundi, Tanzania, Bangladesh and Timor-Leste were evaluated in 2010 as part of the UNCDF SPIRE initiative. Also in 2010, the European Commission, a key partner for UNCDF, evaluated the local development work of UNCDF in Liberia, Bangladesh, the Lao People's Democratic Republic and the Solomon Islands.

Local Government Capacity and Accountability

12. In order for local investment to be effective and respond to the Millennium Development Goals, local authorities must have the capacity to plan and budget in a participatory manner, and to manage resources transparently. In 2010 UNCDF was largely successful in fostering participatory processes and helping targeted local governments improve their planning, budgeting and implementation capacity across all regions (Outcomes 1 and 2). Illustrative examples are the Solomon Islands, where the local development programmes are in their early stages and where focus has been on introducing processes and tools for participatory planning and training of local officials. In Uganda, where local planning processes are already well-established, UNCDF has provided specialized support in identifying and costing interventions designed to catalyze local economic activity.

13. Improving the implementation capacity of local authorities takes various forms, but generally addresses issues related to procurement and financial administration. Timor-Leste and Lesotho are successful 2010 examples of enhanced procurement processes in which there was open bidding for local contractors and tighter financial management of the investment cycle.

Local government capacity and accountability	Plan	Actual	Assessment of performance*
Outcome indicator 1: Percentage of target local authorities that, as a result of UNCDF support, have improved their plans and budgets.	100%	84%	+

Outcome indicator 2: Percentage of target local governments that, as a result of UNCDF support, have improved their implementation capacity.	100%	83%	+
Outcome indicator 3: Percentage of target local governments that, as a result of UNCDF support, manage their resources with greater transparency.	100%	92%	+
Outcome indicator 4: Percentage of target local authorities that, with UNCDF support, have developed and/or executed gender-sensitized budgets and/or investment programmes (indicator based on the Gender Equitable Local Development programme)	100%	100%	+

* Assessment of performance based on figures from yearly programme monitoring and evaluation findings.

14. UNCDF interventions have helped achieve greater transparency in the way targeted local governments manage the public expenditure cycle (Outcome 3). Transparency is measured by the way local authorities apply the rules prescribed by law as they relate to management of and reporting on public expenditure, and also by how they inform their citizens of the decision-making process. Over the period under review, in the targeted local governments, competitive bidding processes were announced openly, usually through community notice boards or on the radio. It was also observed — particularly in Asia and the Pacific — that total costs are increasingly disclosed publicly upon completion of local projects.

15. The gender dimension was included in all the investment plans and budgets of local authorities in the five countries included in the Gender Equitable Local Development (GELD) programme of UNCDF and UN-Women (formerly United Nations Development Fund for Women, UNIFEM). This paved the way for gender-sensitive investments in 2011 (Outcome 4). The direct participation of women in local authorities' decision-making process is promoted in all other UNCDF interventions.

16. Evaluations have shown that UNCDF programmes have been broadly successful in introducing participatory planning and in establishing new techniques and approaches to embed participatory planning in the functioning of local governments. Poor communities highly appreciate being directly consulted and involved in the decision-making processes. There seems also to be a strong "value for money" case for empowering people at the local level to make investment decisions. Doing so in one instance was seen to have reduced the cost of capital projects by more than 50 per cent, with no discernable drop in quality.

17. On the other hand, the 2010 evaluations pointed to the following challenges:

(i) capacities of targeted local authorities to undertake operations and maintenance activities remain weak and is often neglected;

(ii) initial baseline data required for effective decision-making is not always available and capacities for realistic target setting and reporting by local authorities can be improved;

(iii) key constraints to enhanced performance remain outside the local authorities' control, affecting the planning and budgeting process; for example, in some situations, the local authorities do not receive timely information on annual fiscal allocations; and

(iv) more proactive gender strategies and budgets are needed to secure the rights of women and improve their access to power.

18. UNCDF will address these challenges. The lack of adequate budgeting for operations and maintenance is a perennial issue. UNCDF will redouble its efforts to ensure that local authorities include maintenance costs in their recurrent budgets. UNCDF will also invest more in helping local authorities establish appropriate baselines and targets, and will strengthen the monitoring function to ensure the collection of reliable data. Greater attention will be given to district coordination, and UNCDF will engage national policymakers to address the disconnect between the planning cycles of local governments and those of sectoral ministries. Lastly, the results from the GELD programme will inform the development of gender-sensitive strategies and budgets for use elsewhere in UNCDF local development work.

Policy impact, upscaling and replication

19. A key success criterion for UNCDF programmes is how other partners and governments adopt and replicate on a larger scale approaches, instruments and systems that UNCDF has helped to develop and refine at the local level (Outcomes 6 and 7; note that the results for Outcome 6 are cumulative over five years.).

20. Over the past number of years, all target programme countries have adopted or mainstreamed public-expenditure, management-related procedures and other innovations for national use. Some of these countries have also developed or amended policy, legislative, regulatory and/or monitoring and evaluation frameworks. In 2010 in Timor-Leste, for instance, the Local Government Support Programme was upscaled by the Government from the initial eight pilot districts to all 13 districts in the country.

Policy impact, upscaling and replication	Plan	Actual	Assessment of performance
Outcome indicator 6: Number of countries where governments officially: (a) adopt/mainstream public-expenditure, management-related procedures and other innovations for national use; and/or (b) develop/amend policy, legislative, regulatory and/or monitoring and evaluation frameworks.	22	23	+
Outcome indicator 7: Number of countries where development partners adopt UNCDF-supported local development approaches, tools or innovations in their own programmes	22	15	▲

21. In 2010 UNCDF continued to contribute to policy and legal reform processes in partnership with UNDP and other development partners. For example, in Bangladesh, a joint UNCDF-UNDP programme helped the Government to draft regulatory instruments for planning and budgeting in Union Parishads (one of the three tiers of Bangladeshi subnational government). These instruments are now applied nationwide. In Bhutan, a formula-based grant system was brought to scale nationwide. In Liberia, budgeting, public financial management and procurement procedures for local authorities — the formulation of which were supported by UNCDF — have been adopted by national authorities.

22. Despite the solid recent record of positively influencing policy development, important challenges remain. Decentralization and true empowerment of the local level is an inherently political process. UNCDF has found in some cases that a strong commitment by national authorities to empowering the local level can change as circumstances change (e.g. opposition party gains strength at the local government level). In addition, political instability and reaction to natural disasters can lead to some "recentralization". In Yemen, even before the difficulties of early 2011, the formulation of a national programme to implement the local governance strategy (approved by the Cabinet in 2008) had stalled, largely because of the increasingly fragile political and security situation. Transitioning from national policy reform to actual policy adoption by local authorities is also sometimes challenging. In Rwanda the public-expenditure management guidelines enacted by national authorities still have to be rolled out to local governments for implementation. UNCDF will address this gap in 2011 by developing manuals and training material that are needed by the central government to implement the roll-out.

23. Overall, however, the partnership between UNCDF and UNDP vigorously promotes policy development. UNDP has a long track record of bringing state and non-state actors together to address critical human-development policy issues, and UNCDF has extensive experience in the area of fiscal decentralization. (See the Evaluation of UNDP contribution to strengthening local governance and the management response thereto: http://www.undp.org/evaluation/thematic/lg.shtml). The 2010 SPIRE exercise found that UNCDF contributions to national policy debates were recognized and appreciated. Where the policy impact has not been as significant as hoped, the SPIRE evaluations suggest that UNCDF needs to do a better job at communicating programme results, and at advocating for change together with its partners. This is an area that UNCDF will pursue actively in 2011 and beyond.

24. Having its work replicated is a key measure of UNCDF success in local development. In 2010, in 68 per cent of target programme countries (Outcome 7) development partners adopted UNCDF-supported local development approaches, tools or innovations in their own programmes. In Bangladesh, the World Bank and the Government started formulating the next phase of the UNCDF/UNDP-supported Local Governance Support Project by incorporating many of the UNCDF/UNDP approaches and tools in areas such as fiscal transfers, local accountability and participatory processes. In Mali, the Local Authorities Financial and Institutional Management System, developed in-house by UNCDF, will be piloted by the African Development Bank in five regions.

B. Performance analysis: inclusive finance/microfinance

25. Ninety percent of people lack access to formal financial systems in the least developed countries. The UNCDF ability (unique in the United Nations system) to provide grants and loans directly to the private sector helps bring microfinance to underserved markets. This has a direct impact on the achievement of Millennium Development Goal 1 (poverty) and Millennium Development Goal 3 (gender). UNCDF ranks at the very top of the SmartAid for Microfinance Index, which measures aid effectiveness.

26. UNCDF pursues an "inclusive finance" approach, which is designed to ensure that a range of financial products — savings, credit, insurance, payments, remittances — are available to all segments of society, at a reasonable cost and on a sustainable basis. Within a given least developed country, UNCDF begins with a sector assessment of opportunities and constraints at the macro-level (policy),

meso-level (support infrastructure) and retail level (financial service provider). This assessment is combined with a gap analysis of areas not supported by other development partners. This leads to a tailored programme of support designed to seize opportunities, remove constraints and fill gaps to build an inclusive financial sector.

27. In 2010, UNCDF supported inclusive finance sector programmes in 24 least developed countries: 15 in sub-Saharan Africa, 8 in Asia (with 5 least developed countries covered by a joint UNDP/UNCDF regional programme for Pacific Islands), and 1 in the Arab States. Ten of the least developed countries currently supported are post-conflict countries. In addition, in 2010 UNCDF supported UNDP inclusive finance activities in 14 countries where UNCDF did not have its own programmes. These included 13 countries that are not among the least developed countries.

28. The number of financial service providers supported by UNCDF increased in 2010 from 65 to 85, as new country programmes became fully operational. In addition, two mobile network operators were supported via the Pacific Islands programme.

29. The year 2010 also saw significant growth in UNCDF global microfinance programmes. These new programmes complement existing UNCDF national sector programmes, and bring additional resources to the least developed countries. In addition, 2010 saw increased advocacy by UNCDF, and a greater focus on savings-led institutions and client protection, in answer to the repayment crises that kept microfinance in the headlines for much of the year.

30. In all of its work UNCDF strives to (i) increase access to financial services, including by leveraging its own investments and working with other partners; (ii) increase the sustainability of the financial service providers it supports; and (iii) strengthen the overall policy and institutional environment.

Improved access to financial services

31. The growth from 2004 to 2010 in clients served by UNCDF-supported financial service providers is shown below.

Number of active clients	379,018	438,272	616,035	1,171,306	1,768,931	2,550,565	3,511,723

32. UNCDF is well on target to reach its goal of serving 6 million active clients by 2013 through the financial service providers in which it invests. A 24 per cent compounded annual growth in client outreach is needed to achieve that result, and UNCDF was able to exceed that growth rate in 2010. Of these clients, 65 per cent of the borrowers were women. Thus UNCDF exceeded the global target: at least 50 per cent of clients should be women. Given that households on average comprise five persons, this represents an impact on the lives of some 17.6 million persons.

Improved access to financial services	Plan	Actual	Assessment of performance
Outcome indicator 1: Extent to which financial service providers are	3,100,000	3,511,723	+

improving their client outreach			
Outcome indicator 2: Net change in value of loan portfolio of the financial service provider/Total UNCDF core contributions	10 to 1	18 to 1	+
Outcome indicator 3: Net change in value of savings portfolio of the financial service provider/Total UNCDF core contributions	10 to 1	11 to 1	+

33. The ability of UNCDF to exceed its 2010 target for the number of active clients (Outcome 1) came primarily from the rapid growth (362,749 clients in the period of a few months) in branchless banking clients from the Pacific Financial Inclusion Programme, which is jointly supported by AusAID, the African, Caribbean and Pacific States initiative of the European Union, UNCDF and UNDP. This promising programme, which is pioneering both government-to-people payments and cellphone banking in the Pacific, underwent a midterm evaluation in 2010, as part of the SPIRE initiative. The evaluation found that while it was too early to judge the sustainability of the new services, to date the programme had been "catalytically central to the major developments in the sector, facilitating and coordinating a comprehensive and cohesive sector agenda".

34. In all of its interventions UNCDF strives to be catalytic, including by leveraging additional stakeholder resources within its programming frameworks. For every dollar that UNCDF invests in its microfinance programmes, other partners currently invest 3.8. This is a considerable level of engagement in UNCDF-designed interventions. UNCDF aims to raise this leverage ratio to 5 by 2013.

35. UNCDF investment of its core resources in financial service providers allowed these institutions in 2010 to improve the value of their loan and savings portfolio dramatically, and significantly more than anticipated (Outcome 2 and 3). This was in part because of MicroLead, the UNCDF $26 million flagship global microfinance programme that has significantly boosted the value of the savings portfolio of target financial service providers. The programme, which is supported by the Bill & Melinda Gates Foundation, has awarded 10 grants worth $17.6 million to Southern-based market leaders so that they can enter least developed countries with savings-led methodologies. UNCDF plans to expand the programme in 2011. The initial programme investment of $7.9 million of UNCDF core resources is projected to reach 815,000 depositors and 732,000 borrowers by the end of 2013.

36. While the target for the loan portfolio was also exceeded, results may decrease over time as some financial service providers fail to fully meet the targets of the performance based agreements they sign as a condition of UNCDF funding. UNCDF will monitor both the savings and the loan indicators carefully, given the challenge that a rapid growth rate in microfinance brings, and will adjust targets as necessary.

Sustainability of financial service providers

37. The sustainability of the financial service providers that UNCDF invests in is captured via indicators that focus on profitability, portfolio quality and transparency (Outcomes 4 through 6).

Sustainability of financial service providers	Plan	Actual	Assessment of performance
Outcome indicator 4: Extent to which financial service providers are improving their sustainability (profitability)	80%	64%	±
Outcome indicator 5: Extent to which financial service providers are improving their portfolio quality	80%	56%	±
Outcome indicator 6: Financial service providers have audited financial statements (transparency)	>95%	99%	+

38. Sixty-four percent (64 per cent) of the financial service providers supported by UNCDF managed to improve their profitability, and 56 per cent met targets for the quality of their portfolio. The risky and difficult environment in which UNCDF operates explains the performance target of 80 per cent and the moderate results achieved in 2010. The high standard (less than 5 per cent of portfolio at risk) set in UNCDF performance based agreements is also very challenging for many relatively new financial service providers. The disruptions and uncertain environments in many of the post-conflict least developed countries where UNCDF works also contributes to the difficulty of fully meeting this target. In addition, the impact on local economies of the global financial crisis has affected both the profitability and portfolio quality of many financial service providers globally.

39. The compliance rate for financial service providers with audited financials increased from 92 per cent in 2009 to 99 per cent in 2010, with funding suspended for non-complying financial service providers.

Policy impact, upscaling and replication

40. While expanded access to financial services helps reduce poverty and contributes to growth, the quality of that access matters. A sound policy framework is essential, but is incomplete without a proactive industry and farsighted financial services providers. By getting involved in issues related to client protection at an early stage in least developed countries, UNCDF is working to avoid the over-indebtedness crises that beset the industry in countries such as Bosnia and Herzegovina, Morocco, Nicaragua and India (Andhra Pradesh). To promote expanded access to responsible finance, UNCDF works at all three levels (macro/policy, meso/industry and micro/retail), championing, in particular, the Client Protection Principles of the Smart Campaign. In 2010, UNCDF began to operationalize these principles with the goal of achieving more than 80 per cent coverage by 2013.

Policy impact, upscaling and replication	Plan	Actual	Assessment of performance
Outcome indicator 7: Extent to which national policy environment is improved for client protection	25%	38%	+
Outcome indicator 8: Ability of	25%	21%	+

networks and associations to provide advocacy (e.g. client protection) to financial service providers			
Outcome indicator 9: Extent to which financial service providers are engaged (e.g. in client protection)	10%	6%	±
Outcome indicator 10: Extent to which donors support UNCDF financial systems approach	>66%	49%	±

41. UNCDF works with financial services providers and industry associations to raise awareness, support certification and build capacity in order to operationalize the Client Protection Principles. Of the country-level networks with which UNCDF partners, 21 per cent engaged in some client protection activities in 2010. In Malawi, for example, the UNCDF-UNDP joint programme facilitated a stakeholders meeting that resulted in the establishment of national and technical committees to oversee the development and implementation of a national framework for financial literacy and consumer protection, championed by the Reserve Bank of Malawi.

42. Client protection will only be effective if those providing the services directly to clients: design their products and services to meet the needs of clients, provide these products and services in a transparent and ethical manner, and ensure that their clients are equipped to make good decisions about their use. In October 2010, UNCDF changed its standard performance based agreement with financial service providers to include endorsement of the Client Protection Principles. Six per cent of financial service providers have already endorsed these principles. The target of 10 per cent was not reached because of the relatively late introduction of the requirement in 2010 and the initial focus at the network level. A series of engagements are planned for 2011 in order to boost the endorsement and implementation of these principles.

43. Development efforts are enhanced when there is a shared vision among stakeholders and harmonized support for common goals. UNCDF works with other development partners at the global and country levels to align programmes and messages. At the country level, investment committees review new initiatives, and they coordinate and even pool country-level funding. Forty-nine per cent of donors participated in these investment committees in 2010 (as compared to the plan of 66 per cent). In Senegal, UNCDF has been particularly effective, bringing 80 per cent of the donors into the investment committee. As a result, UNCDF has been able to successfully support the implementation of the national microfinance strategy with appropriate resources and technical inputs.

44. At the policy level, UNCDF supports evidenced-based regulation that balances access and protection and that emphasizes disclosure and transparency. As UNCDF takes an approach that addresses the specific key constraints impeding access to financial services in any given country, there are no predetermined targets for this indicator. UNCDF looks for opportunities to make a difference at the policy level and then tracks the results of its interventions. In the West African Monetary Union, for example, UNCDF and other development partners consulted with the Central Bank of West African States during the formulation of prudential guidelines and regulations for microfinance. In Liberia, UNCDF helped move forward the passage of a microfinance deposit-taking act. Based on stronger diagnostics that will be available with the launch in 2011 of a new sector

assessment tool, UNCDF will review whether annual targets for policy impacts could be set.

III. UNCDF and the Millennium Development Goals

45. The Millennium Development Goals lie at the core of the mission of UNCDF. They are the foundation of UNCDF programmatic work with both the public sector (local development) and the private sector (microfinance). They inform UNCDF advocacy. They shape the way UNCDF responds to new kinds of demand from its partner countries.

46. UNCDF local development work targets the local authorities that are typically tasked with delivering services critical for achieving the Millennium Development Goals (see Figure 1). By strengthening the planning and implementation capacity of target local authorities and designing transparent and effective transfer mechanisms for channelling capital to the local level — and then using UNCDF capital to "prime the pump" — UNCDF helps to increase the flow of capital into investments that promote the achievement of Millennium Development Goals in pilot districts.

Figure 1. Relationship between service delivery functions commonly assigned to the local government level and the Millennium Development Goals

MDG	Primary education	Primary health	Agricultural extension	Water and sanitation	Roads	Solid waste mgmt.	Fire fighting and police	Land use planning*	Economic development*
1. Poverty and hunger	■■	■■	■■■	■■	■■	▪	■■	■■	■■
2. Primary education	■■■	▪	▪	▪	▪			▪	
3. Gender equality	■■		▪				■■		
4. Child mortality	■■	■■■	▪	■■	■■	■■		▪	
5. Maternal health	▪	■■■	■■	■■	■■	▪	▪		
6. HIV/AIDS and malaria	▪	■■■	▪	■■		■■		▪	
7. Environmental protection	▪	▪	▪	■■■	■■■	■■■	▪	■■■	▪
8. Partnership									▪

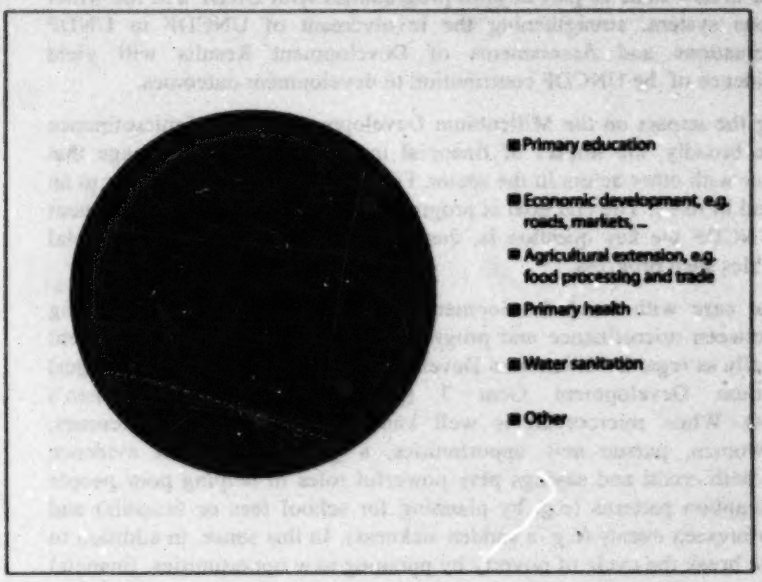
Key: ■■■ direct provision ■■ indirect relationship ▪ some relationship

*Note: * In some cases, local governments can influence the Millenium Development Goals negatively through poor governance*

Source: Based on Improving Local Government: the Commonwealth vision, Commonwealth Local Government Forum, 2009

47. More capital at the local level translates into more, and more cost-effective, schools, clinics and water systems, all of which are critical to progress on the Millennium Development Goals. It also means improvements in the capital infrastructure — covered markets, irrigation schemes, feeder roads — critical for developing local economies (see pie chart below) and reducing poverty and hunger.

Figure 2. Use of 2010 UNCDF grants for investments related to the Millennium Development Goals



48. The role of UNCDF in stimulating additional local-level investments that promote the achievement of Millennium Development Goals — and in increasing the efficiency, cost-effectiveness and sustainability of the local initiatives — has yet greater impact when these efforts are replicated on a national scale by governments and larger development partners. This has been the case over time in countries such as Senegal, Uganda, Malawi, Mozambique, Uganda, Tanzania, Bangladesh and Cambodia. More recently, there has been progress in Puntland, in Somalia, where the authorities have decided to allocate 10 per cent of their national budgets to local-level investments. Similarly, the Government of Timor-Leste has recently decided to channel substantial new oil revenues to the local level via systems set up by UNCDF and its partners.

49. While a strong case can therefore be made for the relevance of UNCDF local-development work to the Millennium Development Goals, measuring the exact contribution of UNCDF at the level of outcomes for individuals and communities is more challenging. The recent SPIRE initiative highlighted anecdotal evidence that new infrastructure — an output of UNCDF programmes — is greatly valued by the people in various communities (and that the people also greatly appreciate having been consulted on regarding this infrastructure). Further, external evaluations by the European Commission in 2010 gave generally strong marks to the local work by UNCDF in the Solomon Islands, Bangladesh, Liberia and the Lao People's Democratic Republic, including to the relevance and likely impact of this work on poverty reduction.

50. But accurately measuring changes in lives, especially over time, would require additional efforts to establish baselines at the beginnings of projects, as well as closer monitoring. There are also the challenges of attribution — of proving that any measurable improvement in a person's life came about as a direct result of a given capital investment (as opposed to something else) – as well as of time frame. The impact on health of a new water system or clinic may not be immediately

apparent. UNCDF is nonetheless currently exploring how it can cost effectively meet Millennium Development Goal measurement challenges. Since almost all UNCDF work is now done as part of joint programmes with UNDP and the wider United Nations system, strengthening the involvement of UNCDF in UNDP outcome evaluations and Assessments of Development Results will yield additional evidence of the UNCDF contribution to development outcomes.

51. Assessing the impact on the Millennium Development Goals of microfinance — and, more broadly, the impact of financial inclusion — is a challenge that UNCDF shares with other actors in the sector. Financial inclusion is a means to an end, not an end in itself. The end goal is progress on the Millennium Development Goals. For UNCDF the key question is, therefore, the extent to which financial inclusion enables such progress.

52. As is the case with local development, there would seem a very strong correlation between microfinance and progress on the Millennium Development Goals, especially as regards Millennium Development Goal 1 (poverty and hunger) and Millennium Development Goal 3 (gender equality and women's empowerment). While microcredit is well known for helping entrepreneurs, particularly women, pursue new opportunities, a growing body of evidence suggests that both credit and savings play powerful roles in helping poor people smooth consumption patterns (e.g. by planning for school fees or funerals) and respond to unforeseen events (e.g. a sudden sickness). In this sense, in addition to helping people break the cycle of poverty by pursuing new opportunities, financial inclusion appears to play a quite equally significant role in helping poor people avoid falling back into poverty.

53. In a larger sense, studies have shown that better access to finance not only increases economic growth, but also helps to fight poverty, by reducing income gaps between rich and poor people.[1] Recent impact studies[2] of savings accounts demonstrate that access to a savings account has had a substantial, positive impact on levels of productive investments among women, and, within 6 months, led to higher income levels (using expenditure as a proxy). In addition, anecdotal evidence abounds regarding the positive effects: of teachers receiving their salaries electronically and therefore being able to stay in the classroom instead of travelling to pick up cash payments; of poor people in rural areas having higher disposable incomes because technology is driving down the costs of receiving remittances; of new credit products enabling poor people and small businesses to purchase products that make use of new technology. Products such as cook stoves and solar panels lead to improved health and environmental outcomes and also reduce the 20-30 per cent of annual income previously spent on off-grid energy.

54. Yet more still needs to be done to determine the lasting impact of microfinance on individuals and communities over time. In the view of UNCDF and other organizations, assessments to date have tended to be based on time frames that are too short (e.g. 18 months) for determining the true, sustainable impact of interventions. The recent negative publicity concerning microfinance in several countries has made the imperative of better impact assessment all the more urgent.

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[1] See "Finance for All? Policies and Pitfalls in Expanding Access", World Bank, 2007, http://www.worldbank.org/financeforall and "Reaching out: Access to and use of banking services across countries", World Bank, September 2005.

[2] See "Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya", 2011, http://www.econ.ucla.edu/pdupas/SavingsConstraints.pdf.

55. UNCDF will continue to measure its performance in terms of improving sustainable access to microfinance for poor people and small businesses. At the same time, it will continue working with its partners in the Consultative Group to Assist the Poor (CGAP) to strengthen the ways in which the impact of microfinance on people and communities can be measured, and it will apply best measurement practices to its programmes as those practices become apparent.

IV. Partnerships, global advocacy and knowledge sharing in 2010

56. Partnerships, advocacy and knowledge sharing are central to the UNCDF agenda and business model, and allow it to have an impact well beyond its relatively modest financial resources. They are central to the mandate of UNCDF and to its overall effectiveness in the evolving "One UN" context.

57. The UNCDF strategic partnership with UNDP continued to strengthen in 2010. All UNCDF country programmes in both local development and microfinance are now joint UNCDF/UNDP programmes, and UNCDF provides, on demand, policy and technical advice in both of its practice areas in non-least developed countries on behalf of UNDP. Together with UNDP, UNCDF is committed to implementing commitments made in response to the 2010 evaluation of the UNDP contribution to strengthening local governance.

58. In operational terms, an almost complete integration of UNCDF and UNDP operational procedures, policies and systems has now been achieved, paving the way for even more effective joint programmatic activity at country, regional and global levels. In late 2010 UNCDF finalized an implementation plan for the rationalization of its country-level presence, including a renewed level of engagement with UNDP. The goal is to ensure that the resources of both organizations are allocated as strategically as possible.

59. In 2010 UNCDF entered into formal partnerships with the Swedish International Center for Local Democracy and The Hague Academy for Local Governance: two institutions that support innovative training for officials in the least developed countries. In microfinance, the major new partnership of 2010 was with the MasterCard Foundation, in support of a new programme, YouthStart, which is intended to increase access by young people, particularly young women, to financial services in sub-Saharan Africa. Studies show that access to financial services, in particular the ability to open savings accounts, when combined with financial literacy and leadership training, can lead to improved livelihoods for individuals and their families.

60. UNCDF also stepped up its global advocacy activities in 2010. Together with UNDP it convened the first Global Forum on Local Development, in Kampala, to look at the steps necessary to unleash the potential of local governments to promote the achievement of the Millennium Development Goals (www.uncdf.org/gfld). More than 600 delegates from 81 countries participated, and there was broad support for pursuing the agenda in a variety of complementary forums. On the microfinance side, UNCDF continued to support the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, Her Royal Highness Princess Máxima of the Netherlands, and to host her United Nations secretariat. In 2010 the Special Advocate played an influential role in a growing spectrum of inclusive finance issues, both at the

country level (e.g. Rwanda, Kenya and Liberia) and in global forums (United Nations, G20, World Bank/International Monetary Fund)[3]

61. UNCDF publications in 2010 included:

(i) *Performance-Based Grant Systems—Concepts and International Experience*, which documents the experiences of UNCDF, often in collaboration with the World Bank, the Asian Development Bank and others, in designing and implementing innovative local government grant systems.

(ii) *Local Development Outlook*, a pilot volume looking at the prospects for local development in Cambodia, initiatives which could be easily replicated elsewhere.

(iii) A discussion note on *Local Governance and Climate Change*, prepared in partnership with UNDP.

(iv) A joint publication with the Organisation for Economic Co-operation and Development (OECD): *The United Nations Capital Development Fund (UNCDF) in West Africa.* UNCDF also collaborated with the Commonwealth Local Government Forum and UNDP on a study on the status of local governance in Eastern Africa.

V. Management results

62. The year 2010 saw the successful completion of UNCDF Project 2010, which was initiated in 2008. This process of internal strengthening had far-reaching implications on the organization's structure and policies. The following measures were implemented: (i) the establishment of a Corporate Management Plan and a multi-year planning framework setting overall priorities and performance targets; (ii) a new organizational structure with streamlined regional entities and better defined reporting lines and accountabilities; (iii) a formal system for the delegation of authority; (iv) a codification of implementation modalities for UNCDF grants; (v) more robust monitoring and oversight mechanisms. UNCDF also issued several new strategies and policy documents in 2010 including: a revised operations manual, a learning strategy and a knowledge management strategy, a document management and classification policy and a policy on travel.

63. An on-site follow-up audit conducted from 11 to 20 October 2010 found that UNCDF had made "significant progress" in addressing weaknesses identified in the earlier 2009 audit, having implemented 82 percent of the 24 recommendations due by that time. One new recommendation was raised and is being addressed.

64. The table below summarizes UNCDF management results for 2010.

Table 1. 2010 management results

Client satisfaction	Relevant programming on LDCs, including post-conflict LDCs	LDCs with UNCDF programmes	40 LDCs	37 LDCs	37 LDCs

[3] See http://www.uncdf.org/english/microfinance/uploads/project_annual_review/UNSGSA%20AR%20final%20low-res%20rev%20130910.pdf

	Improve strategic partnership with UNDP and the rest of the United Nations system	UNDP country office satisfaction with timeliness and relevance of UNCDF services in its respective practice lines	60.6%	70%	*
Internal efficiency	Harmonize UNCDF and UNDP procedures to avoid overlaps and redundancies	UNCDF operations and procedures harmonized with those of UNDP	UNCDF operations manual fully harmonized with UNDP operations	Maximum integration of operational procedures, policies and systems	Achieved
	Strengthen United Nations coordination	Percentage of LDCs where UNCDF is active in which contributions are integrated in the United Nations country-level programming framework**	32 LDCs**	70%	70%
	Improve efficiency of delivery	Administrative-to-total-expenditure ratio	15.5%	15%	11.1%
	Strengthen people management	Staff perception	68.8%	75%	***
Internal efficiency	Implementation of the audit recommendations of the Office of Audit and Investigation		13	22	18
Financial resources	Achieve resource mobilization targets	Regular resources mobilized	$19.7 million	$ 20million	$18.5 million****
		Other resources mobilized	$16.8 million	$20 million	$ 23.8 million
	Ensure delivery against plan	Delivery against approved annual spending limits	78%	80%	81%

* From the Headquarters Products and Services Survey. Survey not available at the time of the report.
** Indicator was refined in 2010 and criteria for integration in United Nations country-level programming frameworks were sharpened.
*** From Global Staff Survey. Survey not available at the time of the report.
**** Includes $3.4 million from UNDP programme funds.

VII. Financial analysis

65. In spite of continued pressures on development budgets globally in 2010, total contributions to UNCDF resources increased by 16 per cent, from $36.4 million in 2009 to $42.3 million in 2010, including $3.46 million allocated by UNDP to UNCDF programme funding. Also the number of donors and their diversity continued to improve, reaching 29 in 2010 (up from 27 in 2009 and 20 in 2007). Among the five largest donors to UNCDF in 2010, two were private sector

foundations (the Bill & Melinda Gates Foundation and MasterCard Foundation). The remaining top donors are Sweden, Australia and Belgium.

66. Although a healthy sign of continued and more diverse donor support, much of the recent growth has been in earmarked resources, which totalled $23.8 million in 2010. Contributions to 2010 core resources dropped to $15.0 million, from $18.7 million in 2009 (excluding UNDP programming support). The drop was a result of exchange-rate fluctuations and a significant reduction by one major donor because of fiscal constraints. Other core donors maintained their contributions at 2009 levels despite a challenging financial environment. One donor was able to increase its core contribution (Austria), and one new donor (United States of America) began contributing to UNCDF core resources.

67. Total expenditures in 2010 were $49.4 million, roughly equivalent to 2009. UNCDF is watching its expenditure pattern to ensure that it continues to meet outstanding commitments but does not overextend itself, given the decreases registered in core contributions.

68. Fund balances at the end of 2010 were approximately $53.0 million. UNCDF also has operational reserves of approximately $24.6 million for core and extrabudgetary accounts.

Table 2. Expenditure trends 2003-2009
(*in millions of dollars*)

Programme expenditures	22.9	19.2	25.2	28.7	37.0	41.5	43.9
- of which regular resources	14.9	11.6	16.8	19.0	22.6*	22.2*	25.8*
- of which other resources	8.0	7.6	8.4	9.7	14.4	19.3	18.1
UNCDF support	5.3	6.7	4.6	5.4	6.8	7.6	5.5
Total	28.2	25.9	29.8	34.1	43.8	49.1	49.4

* Expenditures in 2008, 2009 and 2010 include respectively $6 million, $1 million and $3.1 million expended against UNDP programme contributions to UNCDF. 2008 and 2009 also include approximately $4.7 million expended against the UNDP biennial support budget. This number dropped to $4.1 million in 2010.

69. The bulk of UNCDF programme resources continue to go to Africa (see the table below). In 2010, 47 per cent of country programme expenditures went to Africa, followed by Asia and the Pacific at 28 per cent. Africa also accounted for the majority of expenditures on UNCDF global thematic initiatives, which in 2010 accounted for 19 per cent of the total programme expenditures. Expenditures in this category included the flagship MicroLead programme, the Pacific Islands financial inclusion programme, an ILO/UNCDF joint programme on micro-insurance, the Gender Equitable Local Development joint programme with UN-Women, and global advocacy (e.g. the Global Forum on Local Development and support to the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development).

Table 3. 2010 programme expenditures per region and practice area
(in millions of dollars)

Africa	13.2	7.3	20.5
Asia and Pacific	10.0	2.1	12.2
Arab States	0.3		0.3
Latin America	2.0		2.0
Global programmes	3.1	5.2	8.3
Research and development	0.1	0.2	0.2
Knowledge management	0.1	0.4	0.4
Total	28.8	15.1	43.9

Source: Financial statements for UNCDF as of 31 December 2010 before final closing of accounts.

VII. UNCDF looking forward

70. UNCDF is coming out of a period of significant restructuring and change. Project 2010 has streamlined and strengthened its internal procedures and controls, taking account of its near doubling in size (by income) in the past five years, and positioning it for strong future growth. The UNCDF staff has been significantly renewed, and its partnership with UNDP has become both stronger and more multifaceted. While UNCDF — like all United Nations development agencies — will face a difficult external environment in 2011 and beyond, the growth in its non-core income, including from non-traditional sources, augurs well for the future.

71. Within this context the UNCDF priorities for the future can be grouped under three headings: products, partnerships and performance.

Products

72. UNCDF will respond to new kinds of demand from its least developed country partners via new products and approaches. In the area of microfinance these will include:

(i) A new country diagnostic tool on financial inclusion being developed with the FinMark Trust (South Africa) and others. This tool will help all stakeholders — in least developed countries and non-least developed countries alike — to better understand the challenges to financial inclusion in a given country, and to tailor their strategies appropriately.

(ii) A second phase of the flagship MicroLead facility, targeted specifically to sub-Saharan Africa.

(iii) CleanStart, a pilot global facility that will help microfinance institutions in the least developed countries develop financial products that enable poor people and small businesses to purchase off-grid clean energy technologies (e.g. clean cook stoves; micro-solar solutions).

(iv) Branchless banking, an initial attempt to apply elements of the highly innovative Pacific Islands programme (which features government-to-people payments and cellphone banking) to other least developed countries.

73. On the local development side, these new products and approaches will include:

(i) The Local Climate Adaptive Living Facility and the Fiscal Grant Facility, two new investment products being tested in Bhutan. These are designed to help local governments shoulder the extra costs of planning infrastructure that is resilient to climate change and natural disasters.

(ii) Pilot initiatives being tested in four countries (Uganda, Tanzania, Senegal and Sierra Leone) to engage the private sector in attracting new investments and creating new jobs.

(iii) The Local Development Finance Initiative, being piloted in Tanzania, which is designed to develop innovative, private-sector-led ways of financing public infrastructure at the local level.

Partnerships

74. UNCDF will continue to build strategic partnerships as the best means of leveraging its technical expertise in local development and microfinance, and of increasing its overall impact.

(i) Local development: UNCDF will explore how to take the successful partnership it enjoys with the World Bank, particularly in Bangladesh, to other countries, with a particular focus on Africa.

(ii) Microfinance: the new diagnostic tool being developed with the FinMark Trust (see above) will help UNCDF to build broad coalitions of actors committed to financial inclusion at the country level. UNCDF will also continue to build new partnerships with non-traditional funders, including private foundations, in the area of financial inclusion.

(iii) Advocacy and knowledge sharing: the new emphasis on partnerships for advocacy and knowledge sharing will continue.

Performance

75. UNCDF will continue to strive to improve its performance, particularly at the country level. The SPIRE initiative will continue in 2011. Separately, UNCDF has commissioned an external review of its entire microfinance portfolio. The results of all evaluations and reviews will be posted on the UNCDF website, together with the UNCDF management responses. In the period ahead UNCDF will pay particular attention to:

(i) Setting appropriate baselines and targets for programmes and strengthening monitoring;

(ii) Striving for policy impact in partnership with UNDP;

(iii) Better communication of results through advocacy and knowledge products;

(iv) Strengthening overall project portfolio management;

(v) Implementing strategies designed in 2010.